

**ASX Announcement**

30 April 2024

## **Quarterly Activities Report**

**Omega Oil and Gas Limited (ASX: OMA) (“Omega”)**

**For Quarter Ended March 2024**

### **Highlights**

- **Omega is finalising a contract with Ensign Australia Pty. Ltd. for the Ensign Rig #965 to drill the Canyon-1H horizontal well (C-1H). The contract is substantially complete, with contract signing expected within days.**
- **The rig will move to Omega’s Canyon Project location following the completion of its current program nearby in the Taroom Trough, which includes drilling some deep horizontal wells. The rig is estimated to arrive on location in Q3 2024.**
- **Planning and procurement of associated drilling services are well advanced and on schedule.**
- **C-1H long lead items have been secured.**
- **The hydraulic stimulation and flowback trial program will follow the drilling program after a pause to incorporate well results into the final completion design.**
- **At call cash and term deposits totalled \$18.5 million as at 31 March 2024.**
- **Trevor Brown continues to support Omega as Interim CEO. A recruitment process for a new CEO is underway.**

**Trevor Brown, Interim CEO said:**

*“Omega is very pleased to be able to work with Ensign to bring to the Canyon Project a rig that is highly suited to the task of drilling a horizontal well into the deep Taroom Trough, and a crew with recent experience drilling similar wells nearby. All preparations for our Canyon-1H well are well advanced. This well will be a significant test of an exciting new play that, in a success case, could provide a badly needed, new, large supply of gas in Eastern Australia near access points to the domestic and export markets.”*

## Operations

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

Cultural heritage and ecology inspections were carried out on ATP 2037, in the area adjacent to the Canyon-1 well, in preparation for the Canyon-1H horizontal well and hydraulic stimulation and flowback trial project.

No other on-ground activities occurred during Q1 2024 other than routine inspections, routine care and maintenance associated with the safe management of infrastructure on the tenements.

## C-1H Drill Rig Procurement

Omega is finalising a contract for the Ensign Rig #965 to perform the C-1H drilling project. The contract is substantially complete with contract signing expected within days.

The C-1H horizontal well will be drilled to test the flow capacity of the highly prospective Canyon Sandstone at the base of the Kianga Formation. The Canyon Sandstone, when combined with other sandstones identified by Omega (informally named Tasmania and Cabawin Sandstones of the upper Kianga Formation) extends across the ATPs and comprise Omega's Canyon gas field project.

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.

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% CO<sub>2</sub>. 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. A horizontal completion will increase the overall surface area that can be tested. This approach allows Omega to fast-track appraisal of the Canyon Sandstone and, in a success case, rapidly progress development planning. The exploration objectives of the C-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 gas 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 should occur after drilling the well following incorporation of well results into final completion design.
- Analysis of well results and flow rates achieved should inform further appraisal and pre-development activities.

### **C-1H Associated Drilling Services Procurement**

Upon securing the drill rig for the C-1H horizontal well, Omega is well-placed to promptly finalise contracts for all associated services required to enable the drilling of C-1H. These agreements align with the current schedule.

The procurement of a fracture stimulation contractor and planning for the procurement of long lead items was also significantly advanced during the quarter. A further update will be provided when the contractual arrangements are finalised.

### **C-1H Landing Zone and Well Design**

Evaluation of a range of landing zone options continued in the quarter, incorporating experience with the latest approaches to deep and tight formations in the US. A landing zone has been selected and on finalisation of the contract for the C-1H directional drilling service, Omega will be well placed to promptly finalise the landing zone design.

### **Tenures Management**

In December 2023, Omega formally submitted Later Work Plans and PCA applications for ATP 2037 and ATP 2038. The PCA applications outlined the considerable independently assessed resources that Omega has discovered, proximity to markets, adjacent infrastructure (pipelines and compression facilities), strong and short supply chains, and future supply shortages to the East Coast market. In the applications, Omega also proposed an innovative forward evaluation program to address the technical challenges associated with deep, tight gas formations.

If the PCA applications are successful, Omega will avoid a relinquishment obligation of 50% on both ATPs.

These applications remain under consideration by the Department of Resources, Mines and Environment.

## Research and Development Tax Incentive

The Research and Development Tax Incentive is an Australian Government initiative, whereby eligible companies with an aggregated turnover of less than \$20 million are entitled to claim a 43.5% (base rate entity rate) refundable tax offset for eligible R&D activities. During the quarter, Omega has continued to develop its Research and Development Tax Incentive application. Omega believes its proposed core trial fracture stimulation hydrocarbon recovery program, along with supporting activities, has a strong prospect of success.

## CEO Recruitment

During the quarter a global search for a CEO commenced and a shortlist of high-quality candidates is currently being assessed. Trevor Brown will continue to perform the role of Interim CEO until a new CEO has commenced.

## PL17 Bennett Oilfield

Omega has continued to progress its strategic review of Bennett Oilfield operations. The review is being conducted to assess the company's options in respect of PL17. On completion of this review, the results will be used to guide future strategy for the Bennett Oilfield and PL 17 more broadly.

## Finance and Corporate

### Finance

At call, cash and term deposits totalled \$18.5 million as at 31 March 2024. Cash and cash equivalents as at 31 March 2024 were \$13.0 million compared with \$13.8 million at 31 December 2024. Term deposits with maturities exceeding 3 months were \$5.5 million, unchanged from 31 December 2023. Cash movements during the quarter included outflows relating to the exploration and evaluation of ATP 2037 and ATP 2038 of \$0.3 million, working capital and administration costs of \$0.3 million, and staff costs of \$0.2 million.

Directors, being related parties of the Company, were paid \$54k in Q1 2024. An additional \$71k 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	-
<b>Total</b>		<b>17,370</b>	<b>20,662</b>	<b>1,614</b>

Allocation of funds	Note	Estimated expenditure to 31 March 2024 (\$000s)	Actual expenditure to 31 March 2024 (\$000s)	Variance (\$000s)	Comments
Exploration expenditure	2	9,000	15,090	(6,090)	Complete
Development expenditure	3	19	793	(774)	Complete
Working capital, administration costs and other	4	2,801	4,682	(1,881)	Ongoing
Contingency for overrun and unexpected costs		1,208	97	1,111	Complete
<b>Total</b>		<b>13,028</b>	<b>20,662</b>	<b>(7,634)</b>	

Funds expended post-canyon drilling campaign	Note	Estimated expenditure to 31 March 2024 (\$000s)	Actual expenditure to 31 March 2024 (\$000s)	Variance (\$000s)
Exploration expenditure	5	N/A	1,227	N/A
Development expenditure	5	N/A	45	N/A
Working capital, administration costs and other	5	N/A	1,648	N/A
<b>Total</b>		<b>N/A</b>	<b>2,920</b>	<b>N/A</b>

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 31 March 2024, the Company held a:

- 100% interest in PL-17 in the Surat Basin, Queensland;
- 100% interest in ATP 2037 in the Surat Basin, Queensland; and
- 100% interest in 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 &amp; Gas Limited

ABN

45 644 588 787

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(154)	(847)
(e) administration and corporate costs	(340)	(1,172)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	38	112
1.5 Interest and other costs of finance paid	(1)	(9)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(457)</b>	<b>(1,916)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(28)
(d) exploration, evaluation and mine development	(345)	(2,970)
(e) investments	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(345)</b>	<b>(8,013)</b>

\* Item 2.5 includes \$5.5 million of investments in term deposits with maturity periods exceeding 3 months.

<b>3. Cash flows from financing activities</b>		
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	37	(645)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(15)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>37</b>	<b>20,773</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	13,764	2,155
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(457)	(1,916)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(345)	(8,013)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	37	20,773

## 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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>12,999</b>	<b>12,999</b>

Note: \$16k of costs disclosed as operating activities in the December 2024 Appendix 5B were subsequently transferred to and disclosed as, Cash Flows from financing activities in the 31 December 2024 Interim Report. This change has been reflected in the YTD figures in this Consolidated Statement of Cashflows (items 4.2 and 4.4).

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	1,999	2,764
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)**	11,000	11,000
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>12,999</b>	<b>13,764</b>

\*\* Item 5.4 comprises investments in term deposits with maturity periods of 3 months or less, and excludes \$5.5 million of term deposits with maturity periods greater than 3 months (previous quarter \$5.5 million).

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	71

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

Item 6.2 comprises \$71,283 (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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(457)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(345)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(802)
8.4 Cash and cash equivalents at quarter end (item 4.6)	12,999
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	12,999
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	16.21
<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.

30 April 2024

Date: .....

By Order of the Board

Authorised by: .....  
 (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.