

ASX Announcement

31 October 2024

Quarterly Activities Report

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

For Quarter Ended September 2024

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Highlights

- **Canyon-1H Horizontal Well Project (C-1H):**
 - Canyon-1H well successfully drilled, cased and cemented.
 - Indications of high-quality reservoir in the Canyon Sandstone target interval.
 - High gas readings and indications of condensate encountered while drilling.
 - Halliburton awarded hydraulic fracture stimulation contract.
 - Hydraulic Fracture stimulation planned for Q1 2025.
- Capital raise completed with \$6.5 million in commitments at market price.
- Trevor Brown appointed Managing Director and CEO
- Obtained 15-year security of tenure with no relinquishment requirements with 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 \$14.4 million as of 30 September 2024.

Trevor Brown, CEO and Managing Director said:

I am very pleased to have been appointed as CEO and look forward to an exciting period leading Omega through a significant growth phase. We have made significant progress during the September Quarter and October. Security of tenure has been achieved over our Canyon Project Area with PCA declarations being made over out ATP areas. This provides 15 years security of tenure with no relinquishment obligations.

From a finance perspective the registration of our R&D Tax Incentive application, a successful capital raise at market provided adequate funding as we entered our major operational phase.

The successful drilling of Canyon-1H during September and October has proved that horizontal wells can be drilled into this part of the Taroom Trough and the excellent signs of gas and condensate from the reservoir during drilling bode well for the upcoming frac and flow test due to take place in Q1 2025. The well has penetrated an attractive reservoir interval that is now available to be tested and enable us to achieve the primary aim of the program, i.e. testing whether the Canyon Sandstone can flow at potentially commercial rates.

I am very happy with the results of the Canyon-1H drilling program. Our efforts are now firmly focussed on finalising the design and preparations for our fracture stimulation and flowback program. I look forward to a successful test program in Q1 2025 which will be the culmination of a very significant appraisal program aimed at opening up a large, new producing basin in Eastern Australia.

Operations

Omega operates three tenements 100% in Queensland being, PCA 342 (ATP 2037), PCA 343 (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.

Canyon-1H Project

The drilling of the Canyon-1H horizontal appraisal well (located in PCA 342) began during the quarter. Subsequent to the end of the quarter, drilling was concluded with the well drilled to a TD of 4,616m, and casing run to TD and cemented. After re-entering the pre-existing Canyon-1 vertical well, 1,147m of new hole was drilled, including 822m in the Canyon Sandstone.

While drilling in the target section, strong gas shows with fluorescence indicating the presence of condensate were recorded.

The well was drilled safely, and the rig was released on 28 October 2024.

Omega will now continue analysing the Canyon-1H well data, perform a Canyon-1H Q4 2024 DFIT (Diagnostic Fracture Injection Test) and continue the preparation for the Canyon-1H multi-stage hydraulic fracture stimulation project. During the quarter, Halliburton Australia Pty Ltd was awarded a fracture stimulation services contract.

The successful completion of the drilling and casing program has put Omega in a strong position for the upcoming multi-stage hydraulic fracture stimulation, flow back, and well testing program. The program aims to test whether potentially economic flow rates can be achieved from the highly prospective Canyon Sandstone at the base of the Permian Kianga Formation. It is expected to be conducted in Q1 2025.

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 Q3 2024.

Potential Commercial Area Declaration

During Q3, 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 Back 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

During the quarter, following an extensive executive search, Omega appointed Mr Trevor Brown as Chief Executive Officer and Managing Director. Mr. Brown was previously serving as a Strategic Advisor and Interim CEO of Omega.

Mr. Brown is a well-regarded and experienced oil and gas executive with over three decades of experience in the petroleum and gas industry. He is a geologist by training and has extensive expertise in upstream exploration, appraisal, development and production. His career has spanned across Australia, Asia, and the United States, encompassing onshore, offshore, conventional, and unconventional projects. In addition to his robust technical skills, Mr. Brown has held prominent leadership positions, including Vice President – Queensland for Santos, where he led the upstream division of the US\$18.5 billion Gladstone Liquefied Natural Gas (GLNG) Project through the field development, construction and startup phases.

Research and Development Tax Incentive

During 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 completes 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 at 30 September 2024 were \$14.4 million compared with \$17.3 million at 30 June 2024. On 28 August 2024, the Company successfully raised \$6.5 million by issuing 30,232,558 fully paid ordinary shares at \$0.215 per share across two tranches. The first tranche of 13,150,466 shares raised \$2.8 million (before costs) and was received in August 2024 and September 2024. Other cash inflows during the quarter included \$0.2 million of interest from term deposits.

Cash outflows during the quarter included exploration and evaluation expenditures on the Canyon-1H project (PCA 342) totalling \$4.9 million. Other cash outflows during the quarter consisted of working capital and administration costs of \$0.5 million and staff costs of \$0.2 million.

Directors, who are related parties to the Company, were remunerated \$135k during the September quarter. An additional \$81k was paid for consulting fees from Tri-Star Admin Pty Ltd, which is also a related party to the Company.

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

August 2024 Capital raise

On 28 August 2024, the company announced that it had received firm commitments to raise \$6.5 million through the placement of 30,232,558 fully paid ordinary shares to sophisticated, professional and institutional investors at \$0.215 per share, the market price at the close of trading on Friday, 23 August 2024 (Capital Raising).

The \$6.5 million placement received strong domestic and international support from existing shareholders and new investors, with significant scaling required to manage demand.

Omega will utilise funds to drive value from our assets and knowledge base, and provide flexibility for possible capture of near-term opportunities:

- Possible expansion of current appraisal program if well conditions allow – additional multi-stage stimulation program in Canyon-1H, extended production testing program;
- Flexibility to respond to business development opportunities as they arise – e.g. Government acreage release, partnering opportunities;
- Acceleration of appraisal/early development program if positive results are obtained - build organisation for designing the next stage; and
- Corporate funding prior to receipt of anticipated R&DTI cash refunds of ~\$0.5-\$0.9M for FY2024, expected in late 2024 and ~\$7-\$8M for FY2025, expected in late 2025. The FY2022/2023 R&DTI cash refund of ~\$6.8M expected to be received in late 2024 the capital raise.

The Capital Raising is across two tranches:

- Tranche 1 – 13,150,466 shares raising \$2,827,350 (before costs), under Listing Rule 7.1 and issued on 5 September 2024; and
- Tranche 2 – 17,082,092 shares raising \$3,672,650 (before costs) subject to shareholder approval at the Omega's AGM, 22 November 2024.

The total amount raised of \$6.5 million includes the following:

- \$1,840,000 from Ilwella and its associated entities, which takes Ilwella's shareholding to approximately 29.99% post-completion of Tranche 2; and
- \$1,287,650 from Tri-Star, which takes Tri-Star's shareholding to approximately 19.48% post-completion of Tranche 2.

This capital raise was completed by Prenzler Group Pty Ltd, Omega's Capital Markets Advisor and Lead Manager. Conditional on shareholder approval, 436,416 shares are to be issued as part of consideration for fundraising services. These shares are in addition to a

cash payment of \$202,341 (excluding GST), and they do not form part of the total shares placed in Tranches 1 and 2.

Other changes in capital

Subsequent to the end of the quarter, the following changes in capital occurred:

- 3,474,984 unlisted performance rights lapsed (17 October 2024).
 - 4,900,000 unlisted options were exercised prior to expiry (21 October 2024) and converted to ordinary shares (25 October 2024) for \$1,470,000 consideration[^].
 - 8,719,950 unlisted options lapsed (21 October 2024).
 - 10,604,837 ASX Restricted unlisted ordinary shares were released from escrow (25 October 2024).
 - 1,650,000 ASX Restricted unlisted options were released from escrow (25 October 2024).
- [^] The conversion of the 4,900,000 unlisted options was completed by Ilwella Pty Ltd, which takes Ilwella's shareholding from approximately 27.72% to approximately 28.89% (prior to incorporation of any allotments from Tranche 2).

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 September 2024 (\$000s)	Variance (\$000s)	Comments
Exploration expenditure	2	12,000	15,090	(3,090)	Complete
Development expenditure	3	25	793	(768)	Complete
Working capital, administration costs and other	4	3,735	4,682	(947)	Complete
Contingency for overrun and unexpected costs		1,610	97	1,513	Complete
Total		17,370	20,662	(3,292)	

Funds expended post-2023 Canyon drilling campaign	Note	Estimated expenditure to 30 September 2024 (\$000s)	Actual expenditure to 30 September 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 September 2024, the Company held a:

- 100% interest in PL-17 in the Surat Basin, Queensland;
- 100% interest in PCA 342 (ATP 2037) in the Surat Basin, Queensland; and
- 100% interest in PCA 343 (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 September 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(209)	(209)
	(e) administration and corporate costs	(487)	(487)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	204	204
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(493)	(493)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration, evaluation and mine development	(4,981)	(4,981)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(4,981)	(4,981)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,827	2,827
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	(189)	(189)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – Repayment of Lease Liabilities	(9)	(9)
3.10	Net cash from / (used in) financing activities	2,629	2,629

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	17,280	17,280
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(493)	(493)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,981)	(4,981)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,629	2,629

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	14,435	14,435

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	10,435	1,280
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)*	4,000	16,000
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	14,435	17,280

* 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	135
6.2	Aggregate amount of payments to related parties and their associates included in item 2	81

Item 6.1 comprises \$45,000 (excluding GST) of Director fees paid during the quarter and \$89,583 paid to Trevor Brown for consulting services prior to his appointment as CEO and Managing Director and salaries and wages.

Item 6.2 comprises \$80,691 (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)	(493)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(4,981)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(5,474)
8.4 Cash and cash equivalents at quarter end (item 4.6)	14,435
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	14,435
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.64
<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 October 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.