

Omega Oil & Gas Limited

ABN 45 644 588 787

Interim Report - 31 December 2022

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Omega Oil & Gas Limited
Corporate directory
31 December 2022

Directors

Quentin Flannery
Stephen Harrison
Lauren Bennett
Michael Sandy
Andrew Hackwood (appointed 13 February 2023)

Company secretary

David Franks

Auditor

UHY Haines Norton

Solicitors

Squire Patton Boggs

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/>

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Omega Oil & Gas Limited
Directors' report
31 December 2022

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 2022.

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:

Quentin Flannery
Stephen Harrison
Lauren Bennett
Michael Sandy
Andrew Hackwood (appointed 13 February 2023)

Principal activities

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

- development of the Petroleum Lease 17 (PL17), located in the Bennett and Leichardt Fields, near the Surat Basin in Queensland, Australia. The company holds 100% interest in this tenement.
- preparation for the exploration and development of the Authority to Prospect 2037 and 2038 (ATP2037 and ATP2038 respectively), located approximately 30km west of Tara, in the Western Downs Region of Queensland, Australia. The company holds 100% interest in these tenements.

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 \$1,912,989 (31 December 2021: \$882,046).

Significant changes in the state of affairs

On 21 October 2022, the company was admitted to the Official List of ASX. The company raised \$15,070,000 from the issue of 75,350,000 shares at an issue price of \$0.20 per share in the Initial Public Offering.

During the period, pre-production and development activities were completed on Bennett-1 and Bennett-4, which are two existing oil wells within PL17. Contractors were engaged to conduct extended well testing to ascertain the feasibility of bringing both wells into long term production.

The result of testing proved the viability of bringing both wells onto long term production. Omega will now develop both sites for long term production.

On 23 December 2022, the company entered into an agreement to place \$4.9 million worth of new fully paid ordinary shares ("New Shares") to a strategic investor and resource exploration company, Tri-Star E&P Pty Ltd ("Tri-Star"), at an issue price of \$0.20 per New Share ("Placement"), being a premium to the current share price.

The Placement will comprise two tranches:

- Tranche 1: 20,849,906 New Shares will be issued to Tri-Star utilising Omega's existing placement capacity pursuant to ASX Listing Rule 7.1 and will rank equally with Omega's existing fully paid ordinary shares. Completion of Tranche 1 of the Placement is expected to occur on or about 23 January 2023 (refer 'Matters subsequent to the end of the financial period' below).
- Tranche 2: subject to obtaining shareholder approval, 3,679,696 New Shares will be issued to Tri-Star. The company intends to call an extraordinary general meeting of shareholders in early 2023 to obtain shareholder approval under ASX Listing Rule 7.3 and 10.11 to approve the issue of Tranche 2 of the Placement. Completion of Tranche 2 of the Placement is expected to occur by 31 March 2023.

The company will apply the funds raised from the Placement towards drilling and exploration expenditure.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

Matters subsequent to the end of the financial period

On 23 January 2023, 20,849,906 fully paid ordinary shares were issued at \$0.20 per share to Tri-Star E&P Pty Ltd.

Omega Oil & Gas Limited
Directors' report
31 December 2022

No other matter or circumstance has arisen since 31 December 2022 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.

Auditor's independence declaration

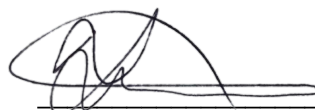
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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



Lauren Bennett
Director

13 March 2023
Sydney

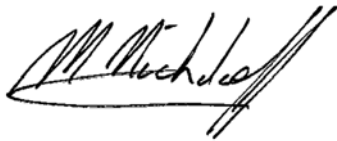
**Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001**

To the Directors of Omega Oil & Gas Limited

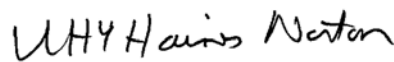
I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2022, there have been:

- (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.



Mark Nicholaeff
Partner
Sydney
13 March 2023



UHY Haines Norton
Chartered Accountants

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Omega Oil & Gas Limited

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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

Automic Pty Ltd
Level 5, 126-130 Phillip Street
Sydney NSW 2000

Principal place of business

Suite 06, Level 22, 56 Pitt Street
Sydney NSW 2000

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 13 March 2023.

Omega Oil & Gas Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2022

		Consolidated	
	Note	31 December 2022	31 December 2021
		\$	\$
Revenue			
Revenue	3	46,648	-
Cost of sales	4	<u>(24,019)</u>	<u>-</u>
Gross profit		<u>22,629</u>	<u>-</u>
Other income	5	<u>881</u>	<u>27,596</u>
Expenses			
Administration		(309,373)	(110,680)
Depreciation and amortisation expense		(18,500)	(16,738)
Directors' fees	6	(84,400)	(60,000)
Employee benefits expense		(271,026)	(298,779)
Finance costs	7	(287,976)	(1,460)
Occupancy expenses		(31,847)	(30,522)
Other expenses		(22,846)	(2,273)
Professional fees		(643,256)	(389,190)
Share based payments expense	22	<u>(267,275)</u>	<u>-</u>
Loss before income tax expense		<u>(1,912,989)</u>	<u>(882,046)</u>
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the period attributable to the owners of Omega Oil & Gas Limited		<u>(1,912,989)</u>	<u>(882,046)</u>
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the period attributable to the owners of Omega Oil & Gas Limited		<u><u>(1,912,989)</u></u>	<u><u>(882,046)</u></u>
		Cents	Cents
Basic earnings per share	23	(2.61)	(2.70)
Diluted earnings per share	23	(2.61)	(2.70)

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

Omega Oil & Gas Limited
Consolidated statement of financial position
As at 31 December 2022

		Consolidated	
	Note	31 December	30 Jun 2022
		2022	2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		11,256,133	2,317,677
Other receivables	8	493,019	159,800
Inventories		27,611	-
Other current assets	9	4,592,090	987,355
Total current assets		<u>16,368,853</u>	<u>3,464,832</u>
Non-current assets			
Other receivables	8	207,725	157,963
Property, plant and equipment		106,956	86,737
Exploration and evaluation assets	10	2,432,666	2,341,006
Mine properties in development	11	699,620	-
Total non-current assets		<u>3,446,967</u>	<u>2,585,706</u>
Total assets		<u>19,815,820</u>	<u>6,050,538</u>
Liabilities			
Current liabilities			
Trade and other payables	12	915,128	388,646
Convertible notes payable	13	-	2,937,650
Derivative financial instruments	14	-	753,940
Employee benefits		66,870	50,226
Total current liabilities		<u>981,998</u>	<u>4,130,462</u>
Non-current liabilities			
Provisions		163,522	161,316
Total non-current liabilities		<u>163,522</u>	<u>161,316</u>
Total liabilities		<u>1,145,520</u>	<u>4,291,778</u>
Net assets		<u>18,670,300</u>	<u>1,758,760</u>
Equity			
Issued capital	15	23,337,642	5,280,388
Reserves	16	767,275	-
Accumulated losses		(5,434,617)	(3,521,628)
Total equity		<u>18,670,300</u>	<u>1,758,760</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Omega Oil & Gas Limited
Consolidated statement of changes in equity
For the period ended 31 December 2022

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	3,500,100	10,600	(1,571,115)	1,939,585
Loss after income tax expense for the period	-	-	(882,046)	(882,046)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(882,046)	(882,046)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,835,288	(26,400)	-	1,808,888
Share-based payments (note 22)	-	74,200	-	74,200
Balance at 31 December 2021	<u>5,335,388</u>	<u>58,400</u>	<u>(2,453,161)</u>	<u>2,940,627</u>
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)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 15)	18,057,254	-	-	18,057,254
Share-based payments (note 22)	-	267,275	-	267,275
Options issued to broker (note 22)	-	500,000	-	500,000
Balance at 31 December 2022	<u>23,337,642</u>	<u>767,275</u>	<u>(5,434,617)</u>	<u>18,670,300</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Omega Oil & Gas Limited
Consolidated statement of cash flows
For the period ended 31 December 2022

	Note	Consolidated 31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		46,648	-
Payments to suppliers and employees (inclusive of GST)		(1,262,912)	(1,535,863)
Withholding tax payment		-	(15)
		(1,216,264)	(1,535,878)
Interest received		10	32
Interest and other finance costs paid		(8,605)	(1,460)
Deposit paid for financial surety on tenements held		(49,760)	-
Net cash used in operating activities		(1,274,619)	(1,537,306)
Cash flows from investing activities			
Payments for property, plant and equipment		(38,719)	-
Payments for exploration and evaluation		(3,935,547)	-
Payments for mining development		(427,231)	-
Net cash used in investing activities		(4,401,497)	-
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	15	14,200,372	1,835,288
Proceeds from convertible notes		414,200	-
Proceeds from prior period unpaid shares		-	28,000
Net cash from financing activities		14,614,572	1,863,288
Net increase in cash and cash equivalents		8,938,456	325,982
Cash and cash equivalents at the beginning of the financial period		2,317,677	384,592
Effects of exchange rate changes on cash and cash equivalents		-	62
Cash and cash equivalents at the end of the financial period		<u>11,256,133</u>	<u>710,636</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Omega Oil & Gas Limited
Notes to the consolidated financial statements
31 December 2022

Note 1. Significant accounting policies

These general purpose financial statements for the period 1 July 2022 through to 31 December 2022 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 2022.

The principal accounting policies adopted are consistent with those of the previous financial year, 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.

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. Revenue

	Consolidated	
	31 December	31 December
	2022	2021
	\$	\$
Pre-production sales to customers	<u>46,648</u>	<u>-</u>

Accounting policy - Pre-production sales to customers

The consolidated entity has generated revenue during the period from pre-production sales of Brent crude oil to customers.

Revenue is recognised when control of the product has passed to the customer based upon the agreed cost, insurance and freight ('CIF') terms. For pre-production sales, revenue is recognised at the time of collection from the mine site.

Revenue is measured at the fair value of the consideration received or receivable. The consolidated entity recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Omega Oil & Gas Limited
Notes to the consolidated financial statements
31 December 2022

Note 4. Cost of sales

	Consolidated	
	31 December	31 December
	2022	2021
	\$	\$
Cost of sales	<u>24,019</u>	<u>-</u>

Cost of sales has been estimated based on direct costs incurred on pre-production sales during the period, including contractor costs, equipment servicing costs, fuel and car hire.

Note 5. Other income

	Consolidated	
	31 December	31 December
	2022	2021
	\$	\$
Interest income	(881)	(50)
Gain on sale of fixed assets	-	(27,546)
	<u>(881)</u>	<u>(27,596)</u>

Note 6. Directors' fees

	Consolidated	
	31 December	31 December
	2022	2021
	\$	\$
Directors' fees	<u>84,400</u>	<u>60,000</u>

Directors' fees for the comparative period were settled via the issuance of ordinary shares and convertible notes.
Directors' fees for the current period were paid/payable in cash.

Note 7. Expenses

	Consolidated	
	31 December	31 December
	2022	2021
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Finance costs recognised using the effective interest method on convertible notes payable (note 13)	279,371	-
Transaction costs on derivative financial instrument	7,070	-
Bank fees	1,535	1,460
Finance costs expensed	<u>287,976</u>	<u>1,460</u>

Omega Oil & Gas Limited
Notes to the consolidated financial statements
31 December 2022

Note 8. Other receivables

	Consolidated	
	31 December	30 Jun 2022
	2022	2022
	\$	\$
<i>Current assets</i>		
Other receivables	952	81
GST receivable	492,067	159,719
	<u>493,019</u>	<u>159,800</u>
<i>Non-current assets</i>		
Other receivables	<u>207,725</u>	<u>157,963</u>
<i>Non-current assets - Other receivables</i>		

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 had an average interest rate of 1.3% per annum and matures on 14 March 2023. The consolidated entity intends to renew this deposit on maturity. These funds must be held in term deposits or with the Queensland Government until the tenement is either rehabilitated or relinquished.

Note 9. Other current assets

	Consolidated	
	31 December	30 Jun 2022
	2022	2022
	\$	\$
<i>Current assets</i>		
Prepayments	62,204	4,595
Rental premises deposit	3,239	-
Advance payments to suppliers	4,526,647	982,760
	<u>4,592,090</u>	<u>987,355</u>
<i>Advance payments to suppliers</i>		

Advance payments to suppliers comprises funds paid in advance for exploration-related expenditures on the tenements held. The equipment and services to which these payments relate have either not been physically received, or the service has not yet commenced. The consolidated entity intends to commence drilling on the exploration and evaluation assets in late Q3 / early Q4 of the 2023 financial year, during which time the advance payments to suppliers will be reclassified to property, plant and equipment or exploration and evaluation assets, depending on the nature of the deposit.

\$4,370,072 of the above advance payments to suppliers are non-refundable at 31 December 2022.

Capital commitments on advance payments to suppliers amounts to \$2,326,335, of which \$2,315,935 has been settled after period end.

Omega Oil & Gas Limited
Notes to the consolidated financial statements
31 December 2022

Note 10. Exploration and evaluation assets

	Consolidated	
	31 December	30 Jun 2022
	2022	2022
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation - at cost	<u>2,432,666</u>	<u>2,341,006</u>

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 assets	Total
	\$	\$
Balance at 1 July 2022	2,341,006	2,341,006
Additions	391,660	391,660
Transfer to mine properties in development (note 11)	(300,000)	(300,000)
Balance at 31 December 2022	<u>2,432,666</u>	<u>2,432,666</u>

Note 11. Mine properties in development

	Consolidated	
	31 December	30 Jun 2022
	2022	2022
	\$	\$
<i>Non-current assets</i>		
Mine properties in development	<u>699,620</u>	<u>-</u>

Reconciliations

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

Consolidated	Mining development asset	Total
	\$	\$
Balance at 1 July 2022	-	-
Transfer from exploration and evaluation assets	300,000	300,000
Expenditure during the period	427,231	427,231
Inventory extracted but not sold	(27,611)	(27,611)
Balance at 31 December 2022	<u>699,620</u>	<u>699,620</u>

Accounting policy - Mine properties in development

Omega Oil & Gas Limited
Notes to the consolidated financial statements
31 December 2022

Note 11. Mine properties in development (continued)

Development expenditure relates to costs incurred to access a mineral resource, the determination of technical feasibilities and conducting market studies. It represents those costs incurred after the technical and commercial viability of the identified project has been demonstrated and an identified mineral reserve or project is being prepared for production (but is not yet in production).

Development expenditure is capitalised as either a tangible or intangible asset depending on the nature of the costs incurred. Capitalisation of development expenditure ceases once the mining project is capable of commercial production, at which point it is transferred into the relevant category of Property, Plant and Equipment depending on the nature of the asset and depreciated over the useful life of the asset.

Development expenditure includes the direct costs of construction, pre-production costs, reclassified feasibility, exploration and evaluation assets (acquisition costs) and subsequent development expenditure on the reclassified project.

These costs are not amortised. The carrying value is assessed for indicators of impairment at least annually, or whenever the facts and circumstances suggest that the carrying amount of the asset may exceed the recoverable amount.

Note 12. Trade and other payables

	Consolidated	
	31 December	30 Jun 2022
	2022	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	768,598	76,679
Other payables	51,569	49,455
Accrued expenses	94,961	262,512
	<u>915,128</u>	<u>388,646</u>

Note 13. Convertible notes payable

	Consolidated	
	31 December	30 Jun 2022
	2022	2022
	\$	\$
<i>Current liabilities</i>		
Convertible notes payable	-	2,937,650
	<u>-</u>	<u>2,937,650</u>

The consolidated entity issued unsecured convertible notes ('notes') payable to Directors, shareholders and other noteholders that converted on the date of the Initial Public Offering ('IPO'), being 25 October 2022. The notes were issued at a face value of \$100 per note, with total notes on issue being 41,839. The notes converted at \$0.16, being a 20% discount to the IPO price per share of \$0.20 (refer note 15).

The total amount of notes received in cash during the period were \$414,200 (30 June 2022: \$3,653,100), with an additional \$116,600 in non-cash convertible notes issued prior to 30 June 2022 as settlement of accrued director fees.

The transaction costs incurred in relation to the notes during the period ended 31 December 2022 were \$35,348 (30 June 2022: \$132,696). These costs were allocated to the convertible note payable and the derivative financial liability in proportion to their respective fair values. The portion allocated to the convertible note payable was amortised from issuance to maturity at the effective interest rate, whereas the amount allocated to the derivative financial liability was reflected as an upfront finance cost in the consolidated statement of profit or loss (refer note 7).

Omega Oil & Gas Limited
Notes to the consolidated financial statements
31 December 2022

Note 14. Derivative financial instruments

	Consolidated	
	31 December	30 Jun 2022
	2022	2022
	\$	\$
<i>Current liabilities</i>		
Derivative financial liability	<u>-</u>	<u>753,940</u>

Refer to note 13 for further information on convertible notes issued in the prior period and the conversion to fully paid ordinary shares in the current period.

Note 15. Issued capital

	Consolidated			
	31 December	30 Jun 2022	31 December	30 Jun 2022
	2022	2022	2022	2022
	Shares	Shares	\$	\$
Ordinary shares	<u>138,999,375</u>	<u>35,000,000</u>	<u>23,337,642</u>	<u>5,280,388</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	35,000,000		5,280,388
Issue of ordinary shares from Initial Public Offering ('IPO')	25 October 2022	75,350,000	\$0.20	15,070,000
Issue of ordinary shares to broker	25 October 2022	2,500,000	\$0.20	500,000
Convertible notes conversion to ordinary shares upon IPO	25 October 2022	26,149,375	\$0.16	4,183,900
Transaction costs and interest expense on convertible notes, reclassified to issued capital on conversion				172,983
Costs of capital raising				(1,869,629)
Balance	31 December 2022	<u>138,999,375</u>		<u>23,337,642</u>

Share buy-back

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

Note 16. Reserves

	Consolidated	
	31 December	30 Jun 2022
	2022	2022
	\$	\$
Share-based payments reserve	<u>767,275</u>	<u>-</u>

Omega Oil & Gas Limited
Notes to the consolidated financial statements
31 December 2022

Note 16. Reserves (continued)

Movements in reserves

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

Consolidated	\$	Total \$
Balance at 1 July 2022	-	-
Options issued to Broker in connection with IPO	500,000	500,000
Options issued to Directors in connection with IPO	60,345	60,345
Performance rights issued to Management in connection with IPO	<u>206,930</u>	<u>206,930</u>
Balance at 31 December 2022	<u><u>767,275</u></u>	<u><u>767,275</u></u>

Refer to note 22 for details on share-based payments.

Note 17. Dividends

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

Note 18. 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. At 31 December 2022, \$1,399 has been accrued relating to sales of pre-production oil.

Other than the above, the consolidated entity has no further contingent liabilities at 31 December 2022 (30 June 2022: as above).

Note 19. Commitments

Refer to capital commitments in note 9. At 31 December 2022, capital commitments are \$2,326,335 (30 June 2022: \$2,135,869).

Note 20. Related party transactions

Parent entity

Omega Oil & Gas Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 31 December 2022	31 December 2021
	\$	\$
<i>Expenses relating to goods and services:</i>		
Office premises rental and administrative staff support from Ilwella Pty Ltd (excl GST)*	21,000	21,000

*Quentin Flannery (Director) is a Director of Ilwella Pty Ltd. The services relate to an office lease and part-time administrative staff support, both of which are conducted on an arms' length basis.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Omega Oil & Gas Limited
Notes to the consolidated financial statements
31 December 2022

Note 20. Related party transactions (continued)

Loans to/from related parties

As detailed in note 13, convertible notes payable at 30 June 2022 comprised partly of funds received from Directors, management and their related parties. These transactions were entered into on an arms' length basis and are on commercial terms.

There were no other loans and other payables to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 21. Events after the reporting period

On 23 January 2023, 20,849,906 fully paid ordinary shares were issued at \$0.20 per share to Tri-Star E&P Pty Ltd.

No other matter or circumstance has arisen since 31 December 2022 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.

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Omega Oil & Gas Limited
Notes to the consolidated financial statements
31 December 2022

Note 22. Share-based payments

During the period, the following options were issued:

- On 04/07/2022, 550,000 options were granted to Directors as share-based payment expenses with an exercisable price of \$0.30, expiring 3 years from the Initial Public Offering ('IPO'), being 25/10/2025. These will vest upon 1 year of continuous service with the consolidated entity from the IPO date.
- On 04/07/2022, 550,000 options were granted to Directors as share-based payment expenses with an exercisable price of \$0.30, expiring 4 years from the IPO, being 25/10/2026. These will vest upon 2 years of continuous service with the consolidated entity from the IPO date.
- On 04/07/2022, 550,000 options were granted to Directors as share-based payment expenses with an exercisable price of \$0.30, expiring 5 years from the 'IPO, being 25/10/2027. These will vest upon 3 years of continuous service with the consolidated entity from the IPO date.
- On 25/10/2022, 2,500,000 options were granted to the Lead Advisors as capital raising costs with an exercisable price of \$0.30, expiring 2 years from the 'IPO, being 25/10/2024. These vested on the IPO date for the provision of advisory services.

During the period, the following performance rights were issued:

- On 10/08/2022, 2,779,988 performance rights were granted to Management as share-based payment expenses with an exercisable price of \$nil, expiring 2 years from the IPO, being 25/10/2025. These will vest upon vest upon the consolidated entity achieving of 0.1 mmscf/d measured gas to surface for 5 days, with at least 70% methane and heavier hydrocarbons content within the first 12 months after IPO.
- On 10/08/2022, 2,779,988 performance rights were granted to Management as share-based payment expenses with an exercisable price of \$nil, expiring 2 years from the IPO, being 25/10/2025. These will vest upon vest upon the 30-day VWAP of the company's share price being 100% higher than the IPO offer price for a period of 3 months.
- On 10/08/2022, 1,389,993 performance rights were granted to Management as share-based payment expenses with an exercisable price of \$nil, expiring 2 years from the IPO, being 25/10/2025. These will vest upon vest upon the 30-day VWAP of the company's share price being 200% higher than the IPO offer price for a period of 3 months.

Prior period options that remain outstanding are as follows:

- Share call option deeds are in place for the consolidated entity for 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.

Key terms of the agreements are as follows:

- Grant date: 3 May 2021
- Share price: \$0.20
- Exercise price: \$0.30
- Number of options: 5,559,975 each
- Expiry date: 25/10/2024

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 2021: nil).

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

**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	25/10/2024	\$0.30	11,119,950	-	-	-	11,119,950
04/07/2022	15/07/2025	\$0.30	-	550,000	-	-	550,000
04/07/2022	15/07/2026	\$0.30	-	550,000	-	-	550,000
04/07/2022	15/07/2027	\$0.30	-	550,000	-	-	550,000
25/10/2022	25/10/2024	\$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

Omega Oil & Gas Limited
Notes to the consolidated financial statements
31 December 2022

Note 22. Share-based payments (continued)

The weighted average remaining contractual life of options outstanding at the end of the financial period was 2.04 years (31 December 2021: 2.82 years).

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

**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	-	-	2,779,988
10/08/2022	25/10/2025	\$0.00	-	2,779,988	-	-	2,779,988
10/08/2022	25/10/2025	\$0.00	-	1,389,993	-	-	1,389,993
			-	6,949,969	-	-	6,949,969

The weighted average remaining contractual life of performance rights outstanding at the end of the financial period was 2.82 years.

For the options 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
04/07/2022	15/07/2025	\$0.20	\$0.30	124.48%	-	3.24%	\$0.139
04/07/2022	15/07/2026	\$0.20	\$0.30	124.48%	-	3.44%	\$0.154
04/07/2022	15/07/2027	\$0.20	\$0.30	124.48%	-	3.44%	\$0.165

For the 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
10/08/2022	25/10/2025	\$0.20	\$0.00	124.48%	-	2.83%	\$0.200
10/08/2022	25/10/2025	\$0.20	\$0.00	124.48%	-	2.83%	\$0.060
10/08/2022	25/10/2025	\$0.20	\$0.00	124.48%	-	2.83%	\$0.036

Note 23. Earnings per share

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Loss after income tax attributable to the owners of Omega Oil & Gas Limited	<u>(1,912,989)</u>	<u>(882,046)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>73,434,552</u>	<u>32,612,979</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>73,434,552</u>	<u>32,612,979</u>

Omega Oil & Gas Limited
Notes to the consolidated financial statements
31 December 2022

Note 23. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(2.61)	(2.70)
Diluted earnings per share	(2.61)	(2.70)

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.

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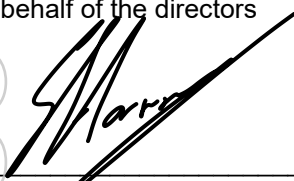
Omega Oil & Gas Limited
Directors' declaration
31 December 2022

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 2022 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

13 March 2023
Sydney



Lauren Bennett
Director

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"), and the entities it controlled during the half-year (together "the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, 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.

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 Group's financial position as at 31 December 2022 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.

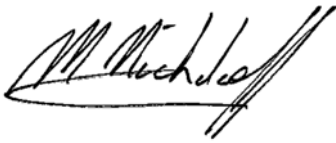
Responsibility of the Directors for the Financial Report

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 Group's financial position as at 31 December 2022 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.

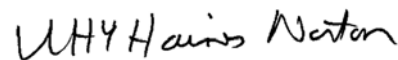


Mark Nicholaeff

Partner

Sydney

Dated: 13 March 2023



UHY Haines Norton

Chartered Accountants