ASX Announcement

23 October 2023

Maiden Gross Contingent Gas Resource of 1.73 TCF across ATPs 2037 and 2038

- **Maiden gross 2C contingent resources of 1.73 trillion cubic feet (TCF) and 3C contingent resources of 4.5 TCF across Omega Oil and Gas' 100% owned ATPs 2037 and 2038 in Queensland's Taroom Trough.**
- **Net 2C contingent resources comprise 1.51 TCF Gas and 68.6 million barrels (MMBBLS) of condensate.**
- **The independent resource assessment, based on the Canyon drilling campaign results, was conducted by Netherland, Sewell & Associates, Inc., a global leader in petroleum property analysis.**
- **Allocated resources based on a modelled average reservoir thickness of 27m in the Kianga Formation which is 221m thick at the site of the Canyon 2 well.**
- **Strong growth potential, with further assessment to be considered on other hydrocarbon-bearing reservoirs within the Kianga Formation and the Back Creek Group, which are highly prospective.**
- **The next phase of exploration and appraisal includes an innovative horizontal well targeting the Kianga Formation and a multi-stage stimulation.**
- **The $21 million capital raising completed on 8 August 2023 fully funds the next stage of exploration and appraisal.**

Omega Oil and Gas (ASX: OMA) (Omega or "Company") is pleased to announce its maiden 2C contingent resources at its 100%-owned Canyon Gas Project in Queensland's Taroom Trough. The contingent resource is based on an assessment of Omega's recent successful Canyon drilling campaign in the Company's ATP 2037 and ATP 2038 permit areas.

Independent analysis by leading, US-based petroleum reserves and reporting firm Netherland, Sewell & Associates, Inc. has estimated 2C gross contingent gas resources of 1.73 TCF of gas. Net contingent resources are estimated at 1.24 TCF of gas and 68.6 million barrels of condensate. The contingent resources are classified in the "development unclarified" category as defined by the 2018 PRMS SPE-PRMS standards.

The primary target of the successful Canyon drilling program was the Kianga Formation, which was intersected by the Canyon 1 and Canyon 2 wells. The formation is persistent across both ATPs. Over-pressured hydrocarbons, including gas, were recorded through the entire 221m interval of the Kianga Formation on the Canyon 2 well. This significant intercept and strong gas show exceeded pre-drilling expectations and prompted Omega to seek an independent assessment of its resources position.

Omega commissioned Netherland, Sewell & Associates, Inc. (NSAI) to conduct the independent assessment of resources. As of 30 September 2023, their assessment of gross and net contingent resources for the ATP 2037 and ATP 2038 permit areas is:

Category	Gross (100%) Contingent Gas Resources (TCF)	Net Contingent Resources	
		Gas (TCF)	Condensate (MMBBLS)
1C	0.50	0.42	39.4
2C	1.73	1.51	68.6
3C	4.50	3.99	89.0

Table 1 – NSAI assessment of gross and net contingent resources across ATP 2037 and ATP 2038 permit areas.

1. Net contingent gas resources are after deductions for fuel, impurities, and condensate.
2. As part of the Cypress Petroleum acquisition, Omega is required to pay Tag Oil a 3% royalty on the gross proceeds received by Omega from a sale of petroleum products (excluding gas) produced and/or recovered from ATP 2037 and ATP 2038 every quarter.
3. In addition to the NSAI assessment of gross and net contingent resources for the ATP 2037 and ATP 2038 permit areas, Omega also has assessed reserves of 130,133 barrels (BBLS) and contingent resources of 723,301 (BBLS) relating to the Bennett Oilfield (PL 17). These estimates of reserves and contingent resources have been independently reviewed and verified by Fluid Energy Consultants and were first reported in the Independent Expert Report prepared by Mr Doug Barrenger in Omega's Prospectus dated 5 September 2022.

Detailed notes on the background to the preparation of the contingent resources report are set out in Appendix 1.

The diagram below shows the depths of the Kianga Formation and Back Creek Group relative to the Canyon 1, Canyon 2, and BG's Tasmania 1 wells. Netherland, Sewell & Associates, Inc. included only the zones of the Kianga formation depicted in bright yellow on the diagram below in their resource assessment. Cumulatively these zones averaged 27m across the ATP 2037 and ATP 2038 areas. The remainder of the Kianga formation (depicted in lighter yellow) has not been assessed at this time. The other hydrocarbon-bearing formations, namely the Back Creek group (shown in light green) have also not been assessed at this time. This provides considerable scope for potential growth in resources.

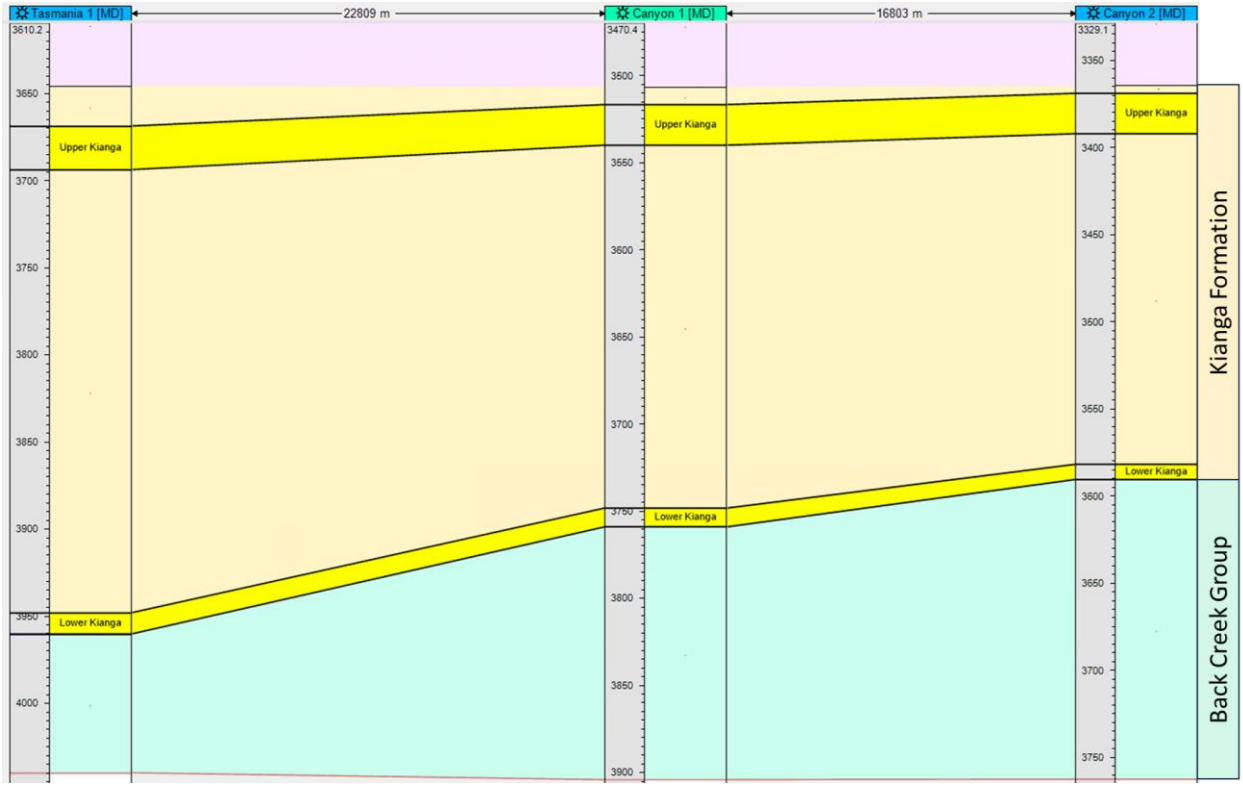

Table 2 - Cross section of key formations - Tasmania 1, Canyon 1, and Canyon 2 wells.

The contour map below shows the depth of the Permian target formation across the Omega ATPs. The Kianga Formation covers the ATP areas at a depth at which Omega believes production is possible.

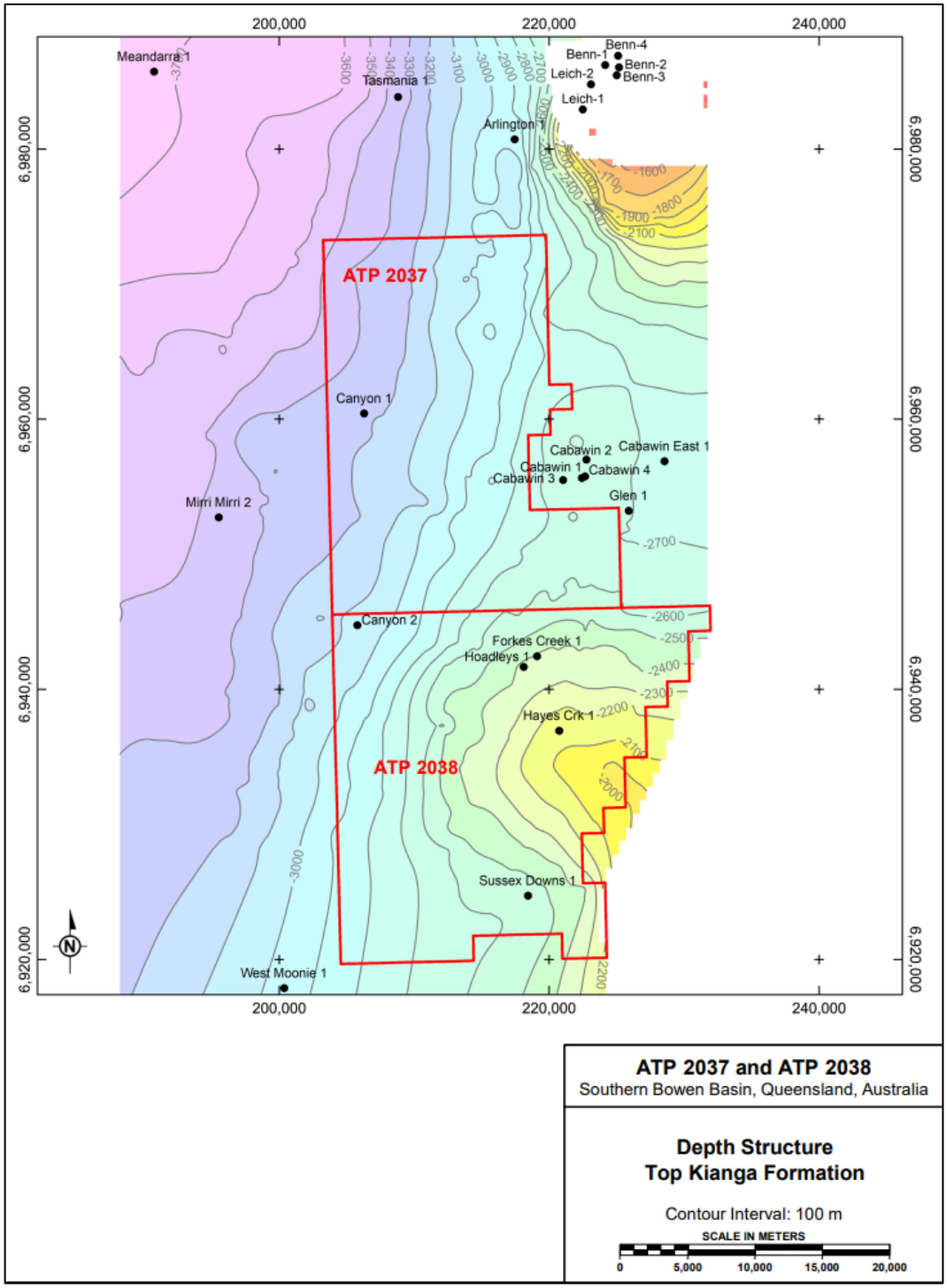

Table 3 - Top Kianga Formation Depth Structure map

Future Exploration and Appraisal program

Omega is planning to test the producibility of gas and liquids from the Kianga formation by the drilling of a horizontal well and multi-stage stimulation program. The proposed horizontal well program is currently being planned, including input from a joint Technical Working Group with Tri-Star Group.

Given that stimulated vertical wells in the Taroom Trough have to date delivered sub-commercial flow rates of gas, Omega considers a horizontal well is necessary to test whether the large volumes of gas contained within the Kianga formation can be delivered at potentially commercial flow rates. The catalyst for explosive value-growth in the US unconventional resources was the shift from vertical to horizontal wells. Early adopters and first-movers reaped the rewards. The Bowen Basin appears to be entering the early phase of that same evolution, and Omega is well-positioned to be among the first movers.

Based on the current availability of a suitable drilling rig, the results of the program are currently expected in Q3 2024. Omega will expedite the program if rig availability allows.

These activities are fully funded through the recent capital raising, and procurement has commenced to secure a drilling rig via a tender process. Applications for Research and Development incentives and for possible funding under the Queensland State Government Frontier Gas Exploration program are being considered by Omega and are potential upsides to the funding set aside for the execution of the activities.

There is significant potential to further increase contingent resources subject to the assessment of the other hydrocarbon-bearing formations that were confirmed in the Canyon drilling campaign. This will be considered in future technical assessments.

If the horizontal well and multi-stage stimulation program are successful in delivering potentially commercial flow rates, Omega anticipates that, subject to appropriate technical and commercial assessment, a portion of contingent resources would be converted into reserves.

Special Advisor to Omega's Board, Trevor Brown, commented:

"This is a significant resource for Omega, and for Queensland, with some exciting potential for upside in untested areas of the reservoirs.

"The result will help us with our strategy to de-risk what we believe is a potential 3 TCF play.

"The independent assessment by the internationally respected Netherland, Sewell & Associates, Inc. confirms large quantities of hydrocarbons, both gas and liquids as a contingent resource.

"Omega's focus is now on testing the producibility of the reservoir by drilling an innovative horizontal well at the location of Canyon-1. This approach will leverage the best technology available, drawing on the experience of one of our major investors Tri-Star, and is aimed at unlocking what could be the next generation of East Coast gas resources.

Mr Brown said the quality of the Kianga formation, in terms of thickness, overpressure, and the strong presence of hydrocarbons was analogous with tight gas plays in North America.

"Based on Omega's plan to accelerate to commercialisation, the Canyon field could support east coast gas supply at a critical time when production from coal seam gas wells is forecast to decline.

"The location of the Canyon field, which contains a significant resource, can leverage the established gas services industry, highly skilled local workforce, and pipeline infrastructure that has developed around the coal seam gas industry.

"The quantity of gas resource that has been discovered and the strong growth potential could have a major impact on East Coast gas market supply.

"There is potentially as much, or more gas in these deep formations as the gas from coal seams, it will just require an innovative technical approach.

"Omega is excited to be bringing new energy to Australia's East Coast gas market."

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

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Appendix 1:

1. *The evaluation date of the NSAI Contingent Resource Report is 30th September 2023.*
2. *Omega's working interest share of ATP 2037 & 2038 is 100%.*
3. *For each Category, estimates of Contingent Resources are based on the full extent of ATP2037 and 2038*
4. *Net contingent gas resources are after deductions for fuel, impurities, and condensate.*
5. *The Contingent Resources are assessed as being in the "development unclarified" category as defined by the 2018 PRMS SPE-PRMS standards.*
6. *Contingent resource categories are incremental, i.e.,3C resources include 1C and 2C resources.*
7. *TCF means Trillions of Standard Cubic Feet.*
8. *MMBBLS means Millions of Stock Tank Barrels.*
9. *The estimates by Netherland, Sewell & Associates, Inc. were prepared in accordance with the definitions and guidelines outlined in the 2018 SPE Petroleum and Resource Management System (PRMS), using deterministic methodology.*
10. *For the purposes of the Contingent Resource Report, NSAI used technical data including, but not limited to, well logs, geologic maps, seismic data, core data, and well test data. The resources in this report have been estimated using deterministic methods; these estimates have been prepared in accordance with generally accepted petroleum engineering and evaluation principles set forth in the Standards pertaining to the Estimating and Auditing of Oil & Gas Reserves information promulgated by the SPE (SPE Standards). NSAI used standard engineering and geoscience methods, or a combination of method, including volumetric analysis and analogy, that they considered to be appropriate and necessary to classify, categorize, and estimate volumes in accordance with the 2018 PRMS definitions and guidelines. These resources are for undeveloped locations; such resources are based on estimates of reservoir volumes and recovery efficiencies along with analogy to properties with similar geologic and reservoir characteristics. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, NSAI's conclusions necessarily represent only informed professional judgement.*
11. *The contingent resources shown in this report are contingent upon the collection and interpretation of additional data resulting from additional drilling and production testing along with the demonstration of viable completion methods to establish the economic viability of project development and subsequently, the commitment to develop the resources.*
12. *Further appraisal drilling and evaluation work to assess the potential for commercial development could include, amongst other activities, and subject to further technical review, additional seismic data, drilling, and testing of appraisal wells.*

Reserves and Resources disclosure

The estimates of contingent gas resources in the permits contained in the announcement were prepared by Netherland, Sewell & Associates, Inc., qualified resource evaluators. The resource assessment was independently carried out by Michelle L. Burnham, Vice President, and Dana D. Coryell, Vice President of Netherland, Sewell & Associates, Inc., in accordance with the 2018 Petroleum Resource Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). Ms. Burnham and Ms. Coryell meet the requirements of Qualified Petroleum Reserve and Resource Evaluator as defined in Chapter 19 of the ASX Listing Rules. Ms. Burnham is a Licensed Professional Engineer in the State of Texas, USA and Ms. Coryell is a Licensed Professional Geologist in the State of Louisiana and the State of Texas, USA. Ms. Burnham and Ms. Coryell have consented to the use of the resource estimates figures in the form and context in which they appear in this release. Ms. Burnham has over 17 years of relevant experience. Her qualifications include an MBA from the University of Texas at Austin and a Bachelor of Science in Electrical Engineering from Brigham Young University. Ms. Coryell has over 35 years of relevant experience. Her qualifications include a Master of Science in Geology from Texas A&M University and a Bachelor of Science in Geology from Oregon State University.