

SHAREHOLDER BULLETIN

Quick Facts:**Stock Symbol:** OMOG**YTD High:** \$0.0161**YTD Low:** \$0.004**Outstanding Shares:**

1,699,000,419

Transfer Agent:

Signature Stock Transfer

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Chairman Adam Barnett Answers Corporate Financial Questions

There has been much shareholder interest in regards to the current financial situation at OMDA Oil & Gas, Inc. This fourth installment in our newsletter series will concentrate on current expenses, past fund raising activities, as well as the future expectations of a company audit. Due to the multitude of questions submitted on this subject, I am releasing this fourth segment in two-parts. The second part will be released next week.

Q. What is the current status of the company's financial reporting situation?

A. As I have stated many times before, when I first took over management of the company, I literally walked into a quagmire of record keeping problems. Tax returns, quick book files, revenue reports, minute books, corporate resolutions, productivity reports, bank statements, etc were never properly kept and have yet to be turned over to us from former management. I, along with an entire legal team, spent almost two years pursuing these documents. I have flown to Louisiana, Texas, and California several times in an effort to gain access to this information. I have recently realized that these documents may have been lost forever at the hands of former management. That being said, I have been very proactive in trying to re-establish some sort of financial reporting system. I recently retained a local accounting firm to help in the first stages of this process. Once they compile all the data available over the last three years, we plan to submit it to a more qualified SEC accounting firm to perform a full audit. Even though we are a pink sheet company and are not required to release any financial information whatsoever, I have always tried to be as communicative as possible with the shareholders.

As accurate documents and financials are prepared, I will do my best to make them available to the public. I am now going to take this opportunity to release (approximations) of past expenses and fund allocations.

Q. What funds has the company raised in the last three years? Where were these funds allocated?

A. The company has raised, from outside funding sources, two million dollars over the last three years. In addition to this 2 million dollars, the company has received cash resources from me personally. As of September of last year, the remaining balance of debt owed to me was \$591,274.25. Recently, I did receive a small repayment of part of this debt, and I am working on a resolution to convert all remaining debt to restricted shares. I feel this is the best option for the company and its cash liquidity, and once converted, OMDA will have no long-term debt on its books. I would like to say that I did struggle with the decision to repay this debt but after not receiving a salary for almost three years, and giving up more shares than I have been issued, I thought it was only fair that I regain some of my capital. While this 2.6 million dollar amount may seem like an abundance of cash to some people who have never run a publicly traded company, these numbers are quite deceiving.

As I stated in the first answer, we are working hard to get some sort of financial snapshot together for the shareholders, with actual numbers instead of estimates. I feel; however, it is important to release a few approximations at this time, so all shareholders have a better understanding as to where all outside funding has been allocated.

I offer the following preliminary breakdown (please note the following expenses are for all three years combined and are only rough estimates. Also, please realize these figures only breakdown the 2 million from outside funding and **do not** include the above mentioned 600K of past funding that I have put into the company.)

Projects:

Panola	\$100,000
Patroon	\$85,000
Young Oil Corp.	\$150,000
Ky-Tenn Oil Corp.	\$30,000

Total Project Expenses: 365,000

Legal:

Total Legal (Includes SEC, Lanza case, Corporate, Young Case, etc)

Total Legal Expense: \$729,025

Operational Expenses:

Rent	\$62,000
Investor Relations (includes newsletters, phone calls, e-mails)	\$71,250
Web and computer services (includes web design, maintenance, updates, monthly fees, hosting, server expenses, etc.)	\$59,900
Accountants	\$25,311
Press Release & News Wire Fees	\$26,660
Marketing and Materials	\$148,550
Travel	\$59,836
Phone, long distance, cell phone roaming charges	\$24,400
Receptionist	\$58,200
Additional Staff (part-time office help due to legal cases)	\$27,000
Postage, Fedex, P.O. Box	\$16,155
Transfer Agent	\$26,245
Misc. office and other expenses	\$32,875

Total Operational Expenses: \$638,382

Total Expenses: \$1,732,407

Q. Do you foresee any reason to raise additional funds or to raise the authorized share count in the near future?

A. Before I answer this question, I would like to offer some background information. The current authorized common share count stands at 1.7 billion with 1.69 billion issued and outstanding, and the current authorized preferred count stands at 100 million with 50 million issued and outstanding. Please note that preferred shares were recently issued to ensure the company stability during the current legal proceedings. The company, as advised from several company counsels, issued these preferred shares to thwart any hostile takeover attempts which would absolutely kill OMDA Oil and Gas, Inc during this tumultuous time. Rest assured, as soon as the Lanza et al and Young cases are settled or resolved, these shares will be cancelled or split equally among the new board of directors.

While there is no current plan of action to raise additional funding, anyone can see, based on the outline above, that the company will need more money soon. Even if a funding is never done again the authorized amount of common shares will need to be raised for other corporate governance issues: i.e. the hiring of new officers and directors, acquisitions, etc. This of course will be executed by a majority vote. Due to the legal expenses and the need to invest in new projects, we will need more funds in a few months or so. With the potential sale of Panola, which will return not only our initial investment but also a profit, we will have adequate cash liquidity to help push back the need for outside money for at least a few more months. If the wells are recovered before the fall and their production proves large, then we will be self funded and future dilution from direct funding could potentially be prevented for a very long time. Also, we will have other assets in the recovery that we may want to “flip” and use as a solid source of funding to grow our company in the future. There are a variety of options due to the leverage we have and there is no reason that an improved and efficient means of raising additional capital to grow our company won't be considered and implemented at the right time. I firmly believe that all future funding should come in the form of restricted shares, and these shares should be purchased by existing shareholders with no discount to current market prices. This is easier said than done, but I have a few plans in which the company could receive over a million dollars soon. These funds would be applied to both operational and legal costs. I will more carefully outline all my plans in the final segment of this five part newsletter series. Regardless what the company determines the funding needs to be, I will seek as much outside input as available to meet those funding needs in the most shareholder friendly way possible.

I believe adequate future funding, combined with the Panola proceeds and whatever cash and recovered production we regain from current litigations, could take us to a 100 million dollar company in a few years. If we wanted to make acquisitions in the future, we could barter with some of our other assets or use cash. This way free-trading shares would never need to be used as a source of funding again.

Q. Do you plan to add a CFO to the officers and directors?

A. I agree that a CFO will need to be added, just not immediately. I will outline soon how the company will bring in an outside board of directors. This new Board of Directors will proceed with finding new officers such as a CFO at the right time. As I stated above, we have retained an accounting firm to organize the current OMDA books. The retaining of a smaller firm for this process was in an effort to save money. If we utilize a smaller firm to examine and get the books in order, then we will, after we win back our assets from the Lanza et al. case, pass them along to an approved auditing firm. Once these items are completed, I think we should re-examine the need for an outside CFO. The new Board of Directors will decide who will ultimately serve in this position.

Q. Do you plan to perform a reverse stock split in the future?

A. I would hope after almost three years of my tenure as Chairman, during which time the company could have performed a reverse split and did not, that everyone would realize I do not favor splitting the stock. There is an appropriate time for a reverse split and its no time soon. After we are audited, fully reporting, self supportive on our own sales and we have the right management team in place, then it might be the best time to roll back the company's stock. If getting approved to be listed on the AMEX stock exchange or the NASDAQ small cap could be expedited by meeting one last qualification of a minimum share price requirement, then I would support a reverse split at that time. Also, if we were healthy as a company and were approved for either of those listings, the market would perceive our stock in a positive light, and a reverse split should not adversely affect our share price.

As I stated in the first paragraph, we will be releasing the second part of this segment next week, followed by the final installment of this series. This final installment will focus on the future outlook of the company.

Adam Barnett
Chairman
OMDA Oil & Gas, Inc