

# 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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## OMDA Oil & Gas, Inc. Offers Legal Update

We released the first part of a Q and A series newsletter earlier today; however, our investor relations department has informed me that we are getting bombarded with calls and e-mails concerning the Young Oil and Lanza litigations. As stated in today's newsletter, I fully plan on answering questions concerning all legal matters over the next few weeks, but I think it is important to give a brief update on the Young and Lanza cases now.

I know many shareholders are calling for some sort of "retaliation" answer to Young's press release yesterday; however, I do believe that it would be wrong to engage in a mud-slinging contest at this time. I could not be more pleased with our strong case against Young, and I see no reason to "tip our hand" by releasing all the evidence and information we have and are still gathering. I do realize it is upsetting that the Young press release is the last listed release on the news section when people do a quote request for OMOG; however, this is a short-term situation as I fully plan to announce participation in another drilling project as soon as next week and no later than mid-June.

As our lawsuit against Young states, "In the Contract, OMDA agreed to pay \$150,000.00 in exchange for Young Operating's conveyance to OMDA of a 20% net revenue interest in each of the six wells completed as a well capable of producing oil and/or gas in paying quantities, turnkey completion costs, meaning completion either to the tanks, to the pipeline, or to both. In the Contract, Young Operating also conveyed to OMDA a right of first refusal to participate in any development project on Young Oil leases in Overton, Pickett, Fentress, Morgan, Scott, and Clay counties amounting to approximately 46,000 acres, including direct offsets to the wells covered by the Contract; however Young Oil may not have had the legal right to convey this right of first refusal. **OMDA fully performed under the Contract by paying \$150,000.00 to Young Oil.**"

There are a few items that need to be addressed from the press release issued by Young Oil yesterday. First, as our lawsuit states, Young Oil ultimately claimed to OMDA that three of the six wells were producing and hooked into the gas pipeline in November 2005 and they further promised that OMDA would receive royalty money for November 2005 and December 2005 in Young Oil's December 2005 payment to OMDA; however, Young Oil back-peddled and told OMDA that the gas wells were not on line when we said that we were going to fly out to observe the wells again. It should be pointed out that this is only one small part of allegations of fraud in our lawsuit. For more details you may view the entire lawsuit at <http://www.omogoil.com/youngoil.pdf>.

Another point that I would like to address is the fact Young offered to give us our initial investment back, but it became apparent, after weeks of stringing us along, that they never intended to follow through with their offer. They have even refused to provide us with any documentation on the wells or the drilling operations associated with our investment including 1. monthly production since 2005; 2. plugging (date, depth, explanation, etc.); 3. well logs, drilling, completion (dates, elevation, total depth, deepest formation, completion method, etc.); 4. well locations (coordinates in latitude/longitude); and 5. geology.

We filed the initial lawsuit against Young on Feb 13th in Texas. Young's first action regarding this lawsuit was to have it moved to Federal court. While federal court has a reputation for being much quicker than state and district court, we believe that Young took this action for the sole purpose of having the case moved back to Knob Lick, Kentucky. We immediately filed a motion to remand the case back to district court. I am happy to report that we were recently granted our motion on May 17th. I can not stress how important this was to the case. Young incurred significant legal fees due to his unsuccessful attempt to move the lawsuit to Kentucky, and we have saved our shareholders a significant amount of expenses associated with additional attorneys and travel that would have been involved if we had been forced to litigate in Kentucky. We also feel it gives us a significant "home court" advantage in all proceedings going forward. We are now performing a full discovery process on Mr. Young and his many different companies, and we plan to begin depositions and subpoenas within the next 30 days. We do not expect this case to interfere with any other legal pursuits or operational activities, and because the strength of the this lawsuit is so evident, OMDA's attorneys have expressed interest in a contingency fee arrangement. We are 100% confident in our position and we intend to do whatever is necessary to send a message that OMDA Oil & Gas, Inc. will always fight to protect its investments and its shareholders.

As far as an update on Lanza, I am limited as to what I can say at this time; however I do plan on releasing further details in the legal segment of our upcoming newsletter. As many of you have heard, during the mediation conference on March 14, OMDA and the Lanza defendants reached a tentative basis of settlement, subject to the defendants' submission of documents which identified any interests and/or properties that OMDA was to receive. Although defendants have had a substantial period of time in which to submit the information adequate to determine the value of the prospective recovery, they have not. Although it may have been a useless expenditure of funds if defendants had submitted appropriate documentation, OMDA's counsel continued the discovery process since trial of the case was already reset for November. OMDA has scheduled depositions on several defendants and prospective witnesses. OMDA has also amended its pleadings to add Black Dragon (BDGR) as a defendant. We expect that additional defendants may be added as further discovery continues.

I hope this intermediate update will prove informative to our shareholder base, and I look forward to releasing additional facts regarding these two cases soon.

Adam Barnett  
OMDA Oil & Gas, Inc.