

Tamboran Resources Limited (ASX: TBN, OTC Markets: TBNNY)

First quarter activities report for period ended 30 September 2022

Highlights

- Tamboran and Bryan Sheffield (Sheffield) to acquire Origin Energy's (Origin) 77.5 per cent interest in three Beetaloo Basin permits (EPs 98, 117 and 76) through a 50:50 joint venture (the JV) for an upfront cash consideration of \$60 million and a future production royalty. Completion subject to final regulatory approvals, expected in early November 2022.
- Binding 10-year Gas Sales Agreement (GSA) for up to 36.5 PJ per annum (18.3 PJ per annum net to Tamboran) signed between the JV and Origin, Australia's leading energy retailer.
- Two tranche, \$138 million equity placement (before costs) at \$0.21 per share to new and existing shareholders launched, with first tranche completed. Funds to support Tamboran's acquisition of Origin's Beetaloo assets and drilling operations, including Maverick 1V (M1V), Amungee 2H (A2H) and Amungee 3H (A3H).
- Following tubing installation, average 30-day (IP30) flow rates from Tanumbirini 2H (T2H) and 3H (T3H) of 2.1 and 3.1 million standard cubic feet per day (mmscfd) achieved, normalised at 3.3 and 5.2 mmscfd over 1,000-metres lateral length, respectively. These rates exceed what Tamboran believes to be the commerciality threshold for a 1,000-metre horizontal well.
- Entered a Strategic Alliance and secured a \$22 million equity investment from Helmerich & Payne, Inc. (H&P), the largest drilling solutions provider in the US. Tamboran and H&P have finalised a drilling contract for a super-spec FlexRig® over a two-year term.
- The M1V well commenced drilling in Tamboran's 100 per cent owned and operated EP 136 permit in mid-September 2022. The well safely reached total depth of 3,050 metres in 18.3 days, 54 per cent faster than offset wells deeper than 2,500-metres.
- Strong balance sheet with \$26.7 million cash balance at 30 September 2022. A further \$98.8 million is expected to be received following a shareholder vote on the second tranche of the equity raising at a General Meeting on Tuesday 25 October 2022.

Tamboran Resources Limited (ASX: TBN) Managing Director and CEO, Joel Riddle said:

"The first quarter of financial year 2023 has been a transformational period for Tamboran, having announced the acquisition of Origin Energy's Beetaloo Basin assets. On completion, the acquisition will

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provide Tamboran with a dominant acreage position and sets the Company up to control the pace of development of the Beetaloo.

“We also announced IP30 rates from the two Tanumbirini wells in EP 161, which have shown a significant improvement in performance since the installation of production tubing. The rates from the two wells exceed what we believe to be the commerciality threshold for our acreage in the Beetaloo Basin, and further support the development of this nationally significant, low-CO₂ natural gas resource.

“In addition, our team has completed a significant milestone with the drilling of the M1V well. I am extremely proud of our team and contractors in delivering Tamboran’s first operated well in the Beetaloo. This included a 54 per cent reduction in drill time relative to comparable wells drilled in the Basin, which is a significant accomplishment.

“We look forward to continuing to validate our operational capabilities in unconventional drilling with the A2H and A3H wells in the newly acquired EP 98 acreage. The A2H well is expected to commence drilling by the end of October 2022.”

EP 136, EP 143 and EP(A) 197

Tamboran 100 per cent working interest and operator

During the quarter, the Ensign rig was mobilised to the Maverick well pad in the 100 per cent owned and operated EP 136 permit. The well was spudded in mid-September 2022 and reached total depth of 3,050 metres in early October. Drilling time was 18.3 days, 54 per cent quicker than other near-field vertical sections drilled deeper than 2,500 metres in the Beetaloo Basin. This was also significantly less than the approximately 100 days to reach TD at the Tanumbirini 1 vertical well.

Tamboran applied its experience and technical expertise, as well as learnings from the T2H and T3H wells to the drilling of M1V. This included a carefully designed bit and bottomhole assembly, which drilled approximately 500 metres of the Moroak sandstone, the toughest interval in the Beetaloo Basin, in 54-hours, averaging 9.25 metres per hour (mph) including connection time. This compares to offset wells within the deeper region of the basin that averaged 486 metres in 364 hours (1.33 mph).

The application of the techniques and design used in M1V are expected to result in a significant reduction in time for drilling through the Moroak sandstone in future development wells, supporting cost reductions.

Following the end of the quarter, the M1V well was cemented, and the Ensign 970 rigged down and demobilised.

During the quarter, Tamboran spent approximately \$15.4 million on the 2022 Beetaloo drilling campaign, which included civil works and drilling of the M1V well.



EP 161

Santos 75 per cent working interest and operator, Tamboran 25 per cent working interest

During the first quarter, Santos completed the installation of production tubing in the T2H and T3H wells and recommenced flow testing in early August 2022. Both wells have since achieved average IP30 flow rates that exceed what Tamboran believes is the commerciality threshold within the Company's Beetaloo Basin permits.

The T3H well delivered an average IP30 flow rate of 3.1 mmscfd over a 600-metre completed horizontal section (normalised at 5.2 mmscfd over 1,000-metres). The T2H well delivered an average IP30 flow rate of 2.1 mmscfd over a 660-metre completed horizontal section (normalised at 3.3 mmscfd over 1,000-metres). This was despite the T2H well having remained on production for the majority of calendar year 2022, which had produced 0.27 BCF prior to the installation of production tubing.

Both T2H and T3H wells are expected to continue to flow testing until early December 2022.

During the quarter, approximately \$1.2 million was spent by Tamboran on its share of the EP 161 joint venture drilling campaign.

EP 76, 98 and 117

Tamboran 38.75 per cent working interest and operator, subject to completion of Origin acquisition

During the quarter, Tamboran worked collaboratively with the operator, Origin, on the A2H well, which is expected to spud in late October 2022 from the existing Amungee NW 1H (ANW 1H) well pad in EP 98, using the Silver City Rig No. 40. Subject to the successful completion of the Origin acquisition, Tamboran plans to utilise its US unconventional drilling and completion experience, and learnings from the recently drilled M1V well in EP 136 and the T2H and T3H wells in EP 161 in the A2H and 3H well design.

The A2H well is planned to be fracture stimulated over 20 stages following the drilling of a 1,000-metre horizontal section within the Mid-Velkerri "B Shale" formation. Flow rates are expected to be announced during the first quarter of calendar year 2023.

The EP 98 joint venture is evaluating a plan to drill the A3H well from a well pad approximately 10 kilometres east of the existing ANW 1H well pad. The well is planned to be fracture stimulated with up to 20 stages over a 1,000-metre horizontal section within the Mid-Velkerri "B Shale" during the middle of calendar year 2023, following six months of water bore monitoring, as required under Northern Territory regulation.

During the quarter, approximately \$7.3 million was spent by Tamboran in the EP 76, 98 and 117 joint venture drilling campaign. This will be reimbursed to Origin through the settlement of back costs to the effective date of 1 July 2022 at the close of the agreement.



Commercial and Corporate

Acquisition of Origin Energy's Beetaloo Basin assets ()*

During the quarter, Tamboran announced the acquisition of Origin's Beetaloo Basin assets in a 50:50 JV with Sheffield (the JV). On completion of this transformational transaction, Sheffield and Tamboran will each hold 38.75% of Origin's three permits, EPs 76, 98 and 117, with existing partner, Falcon Oil and Gas Australia Limited (Falcon) holding the remaining 22.5%. The transaction remains subject to final standard regulatory approvals.

Upon completion, Tamboran will hold a dominant position in the Beetaloo Basin, with ~1.9 million net prospective acres, resulting in a ~270 per cent increase in Tamboran's estimate of net 2C contingent gas resources to ~1.5 TCF.

The JV will acquire Origin's 77.5% interest for the following consideration:

- Upfront cash payment of \$60 million, which is shared equally between the JV participants.
- 5.5% revenue royalty on production on a 77.5% working interest basis.

The JV have signed a binding 10-year GSA with Origin for production up to 100 TJ per day (36.5 PJ per annum) from the acquired assets. In addition, Origin will have the option to acquire at least an additional 200 TJ per day for 10-years from the JV interest in the permits.

Tamboran has committed to solely funding the remaining Origin Stage 3 farm-in commitments, which includes the drilling of two horizontal wells, A2H and A3H, at an estimated cost of \$80 million, and back costs to the effective date of 1 July 2022.

In mid-October 2022, Falcon and the JV signed a Letter of Intent (LOI) to amend the terms of the Joint Operating Agreement (JOA) and the existing Farm-in Agreement (FIA) with respect to Origin's Beetaloo assets. Under the LOI, Falcon will not exercise its pre-emptive rights in relation to the permits in exchange for a partial extension to the carry consideration under the FIA, to be borne equally by Tamboran and Bryan Sheffield.

\$138 million equity placement

In mid-September 2022, Tamboran announced the Company had raised approximately \$138 million (pre-costs) in equity at \$0.21 per share. The raise included a \$98 million Private Placement to strategic partners and US cornerstone investors, including equity investments of \$30 million by Sheffield, \$22 million by H&P and \$46 million by several other US energy-focused institutional investors. An additional \$40 million was raised via a further placement to sophisticated and institutional investors outside the United States.



The transaction is structured as a two-tranche placement:

- **Unconditional Placement (“First Tranche”):** The First Tranche of \$39.2 million was not subject to shareholder approval and was within the Company’s 25% placement capacity under ASX Listing Rules 7.1 and 7.1A. Investors have received their pro rata allocation of shares ranking pari passu with existing fully paid Ordinary Shares. The number of shares being issued under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A is 112,103,927 and 74,735,951, respectively.
- **Conditional Placement (“Second Tranche”):** The Second Tranche of \$98.8 million, will be issued subject to shareholder approval at a General Meeting to be held on Tuesday, 25 October 2022. The number of shares proposed to be issued under the Second Tranche is 470,374,315.

Strategic alliance with Helmerich & Payne, Inc.

During the quarter, Tamboran entered into a strategic alliance and secured a \$22 million equity investment from a subsidiary of Helmerich & Payne, Inc. (H&P), (NYSE: HP), the largest drilling solutions provider in the US.

Tamboran has finalised a drilling contract with H&P for a super-spec FlexRig® for a two-year term. The rig is planned to be mobilised into Australia for the Company’s proposed 2023 drilling campaign. The drilling activity, if successful, is expected to position Tamboran for the sanctioning of the proposed Amungee Pilot Development by the end of 2023.

As part of the Strategic Alliance, H&P will have the right of first refusal until 2033 to provide Tamboran, at market rates, all subsequent rigs required to accelerate the Company’s 1 billion cubic feet per day (BCFD) development plan.

Once imported into Australia, H&P’s super-spec FlexRig®, with more than 2,000 horsepower and one-million-pound hookload, will be one of Australia’s most powerful onshore drilling rigs. Capable of drilling more than 4,000-metre horizontal sections within the Mid-Velkerri “B Shale”, the rig is expected to support a material reduction in cost per unit of recoverable gas and minimise the environmental footprint.

Related Party Payments

Payments of \$405,000 were made to related parties and their associates during the quarter, as disclosed in item 6.1 of the accompanying Appendix 5B relating to directors’ fees and Managing Director remuneration.



Capital Structure

At the end of the quarter, Tamboran had total cash on hand of \$26.7 million and no debt. The current capital structure is as follows:

934,199,396 Fully paid Ordinary shares

18,151,251 Options fully vested (unlisted)

38,400,000 Options unvested and subject to milestones (unlisted)

Changes to the capital structure from the previous quarter include the issue of 186,839,878 shares following the completion of Tranche 1 of the \$138 million equity placement.

Use of Funds

The comparison of the Company's actual expenditure since admission to the Official List of the ASX on 2 July 2021 to 30 September 2022 compared with estimated expenditure in the Use of Funds statement of the prospectus is set out below in accordance with ASX Listing Rule 5.4.4.

Activity	Prospectus "Use of Funds" (A\$'000)	Total funds used to date (A\$'000)
EP 161: Tanumbirini 2H & 3H wells	13,600	18,538
EP 136: 2D seismic	3,500	727
EP 136: Maverick 1H well	39,400	37,010
Total exploration and evaluation expenditure	56,500	56,275
Royalty reduction payment and leaseholder improvements	1,500	1,478
General, administration, and working capital	8,226	12,733
Costs of the offer	4,600	4,809
Total Prospectus funds	70,826	75,296
Additional Capital Raised since Prospectus	34,964	-
Total funds	105,790	75,296

The total exploration and evaluation expenditure includes long lead items for future Beetaloo Basin wells. The table has also been updated to include the expenditure for the rigs, the \$35 million raised through the private placement in December 2021.

There was no production or development expenditure during the quarter.



Planned Activities for December 2022 Quarter

During the December quarter, the Company's activities will be focused primarily on the Beetaloo Basin assets, with activities and news expected to include the following:

- Closing the transaction on the Beetaloo basin assets operated by Origin.
- Commence drilling and fracture stimulation of the Amungee 2H and 3H wells in EP 98.

Tenements

At the end of the quarter, Tamboran and its subsidiaries held the following petroleum tenements:

Exploration Permit	Location	Working Interest
EP 161	Beetaloo Basin, Northern Territory	25%
EP 136	Beetaloo Basin, Northern Territory	100%*
EP 143	Beetaloo Basin, Northern Territory	100%*
EP(A) 197	Beetaloo Basin, Northern Territory	100%*
EP 76	Beetaloo Basin, Northern Territory	38.75%*, ¹
EP 98	Beetaloo Basin, Northern Territory	38.75%*, ¹
EP 117	Beetaloo Basin, Northern Territory	38.75%*, ¹

*Denotes operator.

¹Subject to completion of acquisition of Origin Energy's Beetaloo Basin assets.

ASX Announcements

This Quarterly Activities Report contains information reported in the following announcements released during the reporting period:

3 August 2022	NTSC Stay Application Dismissed
12 August 2022	EP 136 Update - EMP Approval
15 August 2022	Operational Update - EP161 Flow Results Update
24 August 2022	SEAAOC Conference Presentation Darwin NT - August 2022
5 September 2022	T2H and T3H 30 Day Normalised Flow Rates Update
5 September 2022	Tamboran Increases EP161 2C Contingent Gas Resource by 164%
6 September 2022	2022 Good Oil Conference Presentation
20 September 2022	Purchase of Origin's Beetaloo Basin Assets and Equity Raise
20 September 2022	Tamboran Acquisition and Capital Raise - Presentation
20 September 2022	Strategic Alliance with Helmerich & Payne, Inc



This ASX announcement was approved and authorised for release by the Disclosure Committee of Tamboran Resources Limited.

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Figure 1: Tamboran’s Beetaloo Basin asset location map, subject to completion of the transaction with Origin.

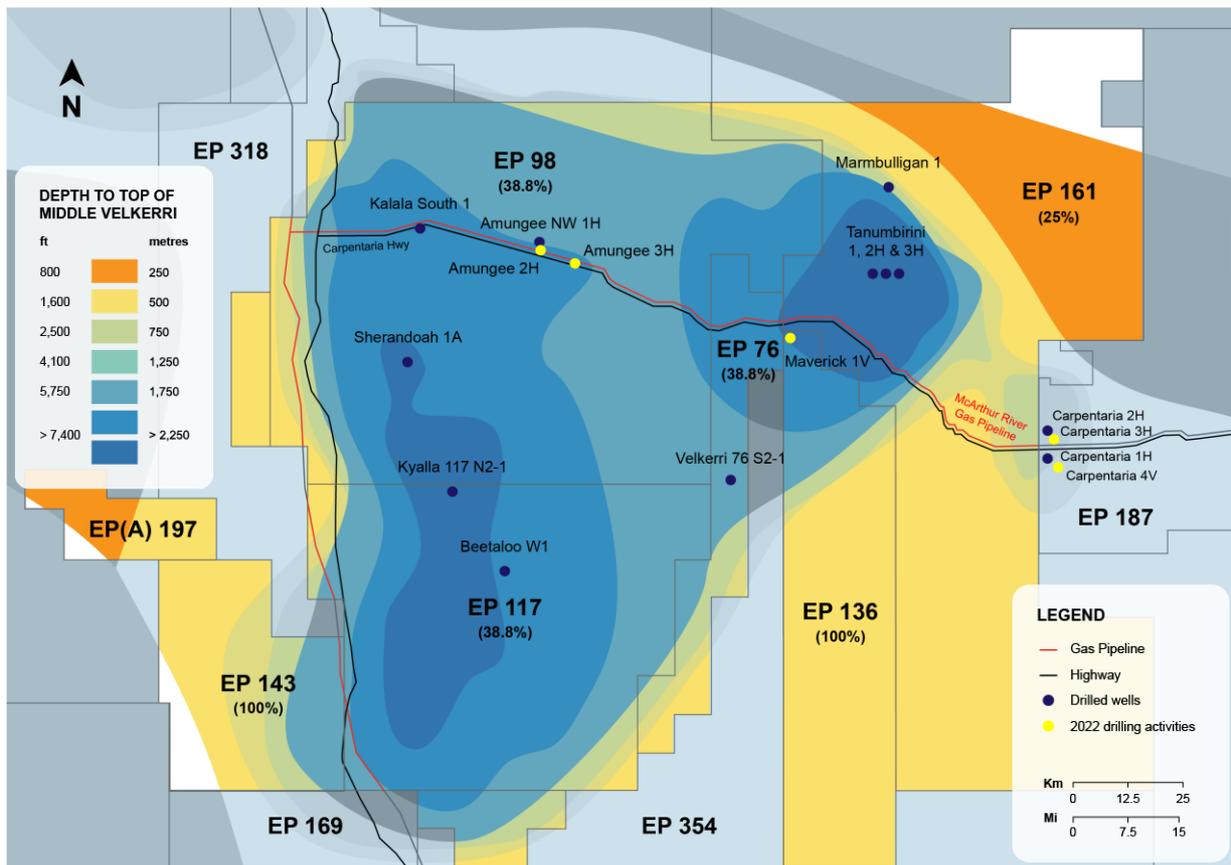




Figure 2: Drilling of Maverick 1V within EP 136.



About Tamboran Resources Limited

Subject to the completion of the proposed acquisition of Origin Energy's Beetaloo assets, Tamboran Resources Limited will be the largest acreage holder with ~1.9 million net prospective net acres in the Beetaloo Sub-basin within the Greater McArthur Basin in the Northern Territory of Australia. The Company is focused on playing a constructive role in the global energy transition towards a lower carbon future, by developing the significant low CO₂ gas resource within the basin. Tamboran's key assets include a 25% working interest in EP 161, a 100% working interest and operatorship in EP 136, EP 143 and EP(A) 197 and, following the completion of the Origin transaction, a 38.75% working interest and operatorship in EPs 98, 117 and 76 which are all located in the Beetaloo Basin. Tamboran will focus on the development of the proposed Amungee Pilot Development within EP 98, targeting first production by the end of calendar year 2025.



Disclaimer

Tamboran makes no representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statement. The forward-looking statements in this report reflect expectations held at the date of this document. Except as required by applicable law or the ASX Listing Rules, Tamboran disclaims any obligation or undertaking to publicly update any forward-looking statements, or discussion of future financial prospects, whether as a result of new information or of future events.

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