HALF YEARLY REPORT

DECEMBER 31, 2023

ASX:TBN | tamboran.com | ABN 28 135 299 062

CORPORATE DIRECTORY

Directors

Richard (Dick) Stoneburner
Chairman

Joel Riddle
Managing Director and CEO

Fredrick Barrett
Non-Executive Director

John Bell Sr.
Non-Executive Director
Appointed April 16, 2023

Ryan Dalton
Non-Executive Director
Appointed September 28, 2023

Patrick Elliott
Non-Executive Director

Hon. Andrew Robb AO
Non-Executive Director
Appointed April 16, 2023

Stephanie Reed
Non-Executive Director
Appointed September 28, 2023

David Siegel
Non-Executive Director

Chief Financial Officer

Eric Dyer

Chief Operating Officer

Faron Thibodeaux

Company Secretary

Rohan Vardaro

Registered Office

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Telephone: +61 (2) 8330-6626
Website: www.tamboran.com

Auditors

Ernst & Young
200 George Street
Sydney NSW 2000

Share Register

Boardroom Pty Limited
Level 8, 210 George Street
Sydney, NSW 2000
www.boardroomlimited.com.au
Shareholder access:
www.investorserve.com.au

ABN

ARBN 672 879 024

Quoted on the official list of the Australian Securities Exchange (CHESS Depository Interest (CDIs) code TBN)

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DIRECTORS' REPORT

DIRECTORS

The following individuals were Directors of Tamboran Resources Corporation ("the Company" or "Tamboran") for the half year ended December 31, 2023:

Mr Richard Stoneburner
Chairman

Mr Joel Riddle
Managing Director and CEO

Mr Fredrick Barrett
Non-Executive Director

Mr John Bell
Non-Executive Director

Mr Ryan Dalton
Non-Executive Director

Mr Patrick Elliott
Non-Executive Director

Honorable Andrew Robb, AO
Non-Executive Director

Ms Stephanie Reed
Non-Executive Director

Mr David Siegel
Non-Executive Director

Ms. Stephanie Reed and Mr. Ryan Dalton were appointed to the Board as Non-Executive Directors, effective September 28, 2023. The remaining Directors listed above each served as Director during the whole of the financial half-year and up to the date of this report.

PRINCIPAL ACTIVITIES

The principal activities of Tamboran focus on shale gas exploration in onshore basins in the Northern Territory of Australia.

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial half-year.

REVIEW OF OPERATIONS

Tamboran is the largest acreage holder and operator with ~1.9 million net prospective acres in the Beetaloo Basin of the Northern Territory, focused on the development low reservoir CO^2 natural gas resources within its portfolio (EP 76, EP 98, EP 117, EP 136, EP 143, EP 161 and EP(A) 197).

The Company has achieved significant milestones over the past six months including the redomicile of the Company to the U.S., drilling and stimulation of the Shenandoah South 1H (SS-1H) well which delivered record normalized 30 day initial production (IP30) flow rates during February 2024, the A$55 million capital raise from existing shareholders and new strategic partner Liberty Energy Inc. (Liberty), and advancing on key commercial agreements with APA Group.

These activities position the Company to progress the development of our significant Beetaloo Basin acreage position to initially support the Northern Territory and then the East Coast gas markets, which are both expected to be short of gas during the decade.

The Phase 1 development includes the proposed 40 million cubic feet per day (MMcf/d) Pilot Project at the Shenandoah South area in the western region of our Beetaloo Basin acreage. The proposed project aims to deliver gas into the Northern Territory gas market by as early as H1 2026.

The Company has achieved significant milestones over the past six months including the redomicile of the Company to the U.S., drilling and stimulation of the Shenandoah South 1H well.

OPERATIONS

EP 76, 98 and 117 (Tamboran 38.75 per cent working interest and operator)

In August 2023, Tamboran commenced drilling of the SS-1H well with the Helmerich & Payne, Inc. (H&P), (NYSE: HP), super-spec FlexRig® Flex 3 Rig[1]. The pilot hole reached a MD (measured depth) of 3,300 metres (10,827 feet), at a total vertical depth (TVD) of 3,298.7 metres (10,822.6 feet) and intersecting approximately 90 vertical metres (295 feet) of high quality Mid Velkerri B Shale with strong dry gas shows[2]. This represents the thickest vertical section of Mid Velkerri B Shale intersected in the Beetaloo Sub-basin depocenter to date.

The result, we believe, has de-risked more than 1 million acres of high-quality shale at depths below 2,700 metres (8,202 feet) and validates the Company's view that deeper shale areas in the Beetaloo Basin are likely to be the most prolific and optimal areas for the location of the proposed pilot development.

Following completion of the SS-1 well drilling activities, the H&P rig was mobilized to the Amungee pad and commenced drilling of the A3H well in EP 98 in late September 2023[3]. The A3H well was drilled to a MD of 3,837 metres (12,589 feet) in 17.9 days, including a 1,150-metre (3,773 feet) horizontal section within the Mid Velkerri B Shale, a new Beetaloo Basin record.

The drilling activities were completed 20 days faster and at approximately 30 per cent less cost than the A2H well[4], which was drilled and completed to a MD of 3,883 metres (12,740 feet) from the same pad during the fourth quarter of 2022. The horizontal leg on the A2H well was 1,275 metres (4,183 feet). The improved drilling speed and cost reduction at A3H well demonstrates the ability to improve drilling efficiency costs with the H&P rig.

In October 2023, The Company announced results from a diagnostic fracture injection test (DFIT) analysis conducted in the Mid Velkerri B Shale at the SS-1H well[5]. The results were based on a linear flow analysis and demonstrated an over pressured reservoir, with a pore pressure gradient of at least 0.54 psi per foot, in line with results at Tanumbirini (0.51 – 0.56 psi per foot) in the non-operated EP 161 block. The analysis was verified by third-party subsurface experts, Subsurface Dynamics, Inc.

In December 2023, Tamboran successfully completed the 10-stage stimulation program at the SS-1H well[6] delivering an average proppant intensity of 2,212 pounds per foot (lb/ft) per stage and rates of 100 barrels per minute (bpm) per stage, a first in the Mid Velkerri B Shale and in line with current US shale basin slickwater stimulation designs. Initial evaluation of the stimulation performance has demonstrated strong hydraulic fracture conductivity, exceeding the pre-stimulation design modelling.

Following the installation of production tubing, flow back activities were initiated and the well achieved gas breakthrough prior to the end of the year, delivering strong and steadily increasing flow rates.

In January 2024, initial flow back activities were paused and the well shut in to allow for a three-week "soaking" period. The well was re-opened to flow back in mid-January 2024 and final IP30 (for 30 days) testing commenced.

In late February 2024, Tamboran announced that the SS-1H well achieved an average IP30 flow rate of 3.2 MMcf/d over the 501 metres (1,644-foot), 10 stage stimulated length within the Mid Velkerri B Shale. This can be normalized to 6.4 MMcf/d over 3,281-feet (1,000 metres). This normalized rate is the highest rate delivered in the Beetaloo Basin to date and exceeded the Company's pre-drill modelling expectation. Because of these encouraging operational results, the Company will move to progress drilling activities during 2024, subject to funding and key stakeholder approvals.

The 30-day exit rate trajectory showed a steady, low-declining curve at 2.9 MMcf/d over the stimulated length of 501 metres (1,644 feet). This completion length, when normalized to 1,000 metres (3,281 feet) equates to 5.8 MMcf/d.

The well will continue flow testing toward IP90 rates, which will provide support for an initial technical calculation of the estimated ultimate recovery (EUR).

1. August 1, 2023 ASX Announcement: Tamboran commences drilling at Shenandoah South
2. August 30, 2023 ASX Announcement: SS1H intersects 90m of high quality Mid Velkerri B shale
3. September 25, 2023 ASX Announcement: EP 98 Operation Update Spudding of A3H
4. October 16, 2023 ASX Announcement: Operational Update A3H drilled in record time
5. October 30, 2023 ASX Announcement: EP117 Operational Update SS-1H DFIT Analysis
6. December 7, 2023 ASX Announcement: EP117 Operational Update Completion of SS-1H stimulation

During the SS-1H well drilling activities, Tamboran gave notice to Falcon Oil and Gas Australia Limited (Falcon) that all farm-in commitments have been fully satisfied, having reached the associated cost carry commitment in accordance with the 2014 Falcon farm-in agreement[7].

EP 136, EP 143 and EP(A) 197 Tamboran 100 per cent working interest and operator)

Limited activity was undertaken within the EP 136 permit following the completion of the Maverick 1V (M1V) well. Tamboran continued with routine well monitoring and lease maintenance on the Maverick 1 well pad.

EP 161 (Tamboran 25 per cent working interest)

Santos, as operator of the EP 161 permit, completed the suspension activities of the T2H and T3H wells and continued the remediation of the Tanumbirini well pad following successful flow testing during 2022. In addition, Santos finalised the new Land Access and Compensation Agreement with the pastoralist, which includes provisions for the operator to progress the 2024 – 2025 work plan.

In the December quarter, the operator submitted an Environmental Management Plan to DEPWS for the acquisition of a 200 – 240-kilometre (~125 – 150-mile) 2D seismic survey in two areas over northern EP 161.

> "
>
> These activities position the Company to progress the development of our significant Beetaloo Basin acreage position to initially support the Northern Territory.

COMMERCIAL

Redomicile to the USA

In October 2023, Tamboran announced the Company's intention to re-domicile the Company[8] from Australia to the United States of America by way of a Scheme of Arrangement[9].

On December 1, 2023, shareholders voted in favor of the decision at a Scheme Meeting. The scheme became effective as of December 7, 2023 following the lodgment of the orders of the Federal Court with the Australian Securities and Investments Commission (ASIC).

The Board of Directors believe the decision to re-domicile the Company in the USA best positions Tamboran for the next phase of its growth as the Company seeks to accelerate the commercialization of the Beetaloo Sub-Basin. Being domiciled in the USA positions Tamboran with access to deeper capital markets where shale investors are more active and have access to lower-cost debt to support future financing activities and simplifies the capital structure.

Securities in Tamboran continue to be traded on the ASX via CHESS Depository Interests (CDIs).

Strategic partnership with Liberty Energy Inc

In December 2023, Tamboran entered into a Strategic Partnership with Liberty Energy Inc. (NYSE: LBRT), a leading North American energy services firm, which included a US$10 million (A$15.2 million) equity investment[10].

Under the Strategic Partnership, Liberty plans to import a modern frac fleet into the Beetaloo Basin in 2024 to support the stimulation campaign with industry leading operational and subsurface engineering expertise for Tamboran's proposed 40 MMcf/d Shenandoah South Pilot Project, which is planned to commence production in H1 2026.

7. August 25, 2023 ASX Announcement: Completion of Falcon Farm-in Carry
8. October 12, 2023 ASX Announcement: Tamboran announces intention to re-domicile to the U.S.
9. December 8, 2023 ASX Announcement: Scheme Booklet
10. December, 15 2023 ASX Announcement: Tamboran enters Strategic Partnership with Liberty Energy

A$55 Million Capital Raise

In mid-December 2023, Tamboran successfully raised A$40.8 million via an Institutional Placement and institutional component of the 1 for 6.2 pro rata accelerated non-renounceable Entitlement Offer[11 12]. The raise was conducted at A$0.16 per new CDI and was supported by a A$7.6 million pre-commitment from the Company's largest shareholder, Mr. Bryan Sheffield, a US$10 million (A$15.2 million) strategic placement from Liberty and existing US and UK shareholders.

The Company announced the completion of the Retail Entitlement Offer in mid-January 2024[13], which raised an additional A$14.2 million, completing a total raise of A$55.0 million. The funds from the capital raise aim to support Tamboran's activities, including SS-1H well flow testing and purchase of long lead items, to the sanctioning of the proposed 40 MMcf/d Shenandoah South Pilot Project during the first half of 2024.

Early Works Agreement

In December 2023, Tamboran announced the three formal and binding agreements with APA Group (ASX: APA) to support the development of the Company's Beetaloo Basin assets, including[14]:

- an Early Development Agreement relating to the construction of a ~35-kilometre Sturt Plateau Pipeline (SPP) that is planned to connect the proposed 40 MMcf/d Sturt Plateau Compression Facility (SPCF) to the Amadeus Gas Pipeline (AGP), targeting an online date as early as H2 2025, subject to achieving project milestones and executing further agreements;
- an Early Development Agreement for construction of a Beetaloo Basin to East Coast gas pipeline that aims to deliver in excess of 500 MMcf/d of Beetaloo Basin gas into Australia's East Coast gas market, targeting an online date as early as 2028, subject to achieving project milestones and executing further agreements; and
- a Partnering Agreement under which Tamboran agrees to work exclusively with APA Group and provides an option for Tamboran to acquire up to 15 per cent of any Beetaloo pipeline projects in the lead up to Final Investment Decision (FID) (excluding the SPP), subject to certain conditions being met.

Under the Early Development Agreements, APA has agreed a process to continue development of the proposed pipelines with early works expenditure of up to A$10 million on the basis that Tamboran continues to progress and achieve agreed milestones in relation to the proposed Shenandoah South Pilot Project.

The parties will commence negotiations on a binding Gas Transportation Agreement (GTA) targeting execution in H1 2024, subject to Tamboran achieving certain project milestones.

Letters of Intent Executed

The Company executed six non-binding Letters of Intent (LOIs) with Australia's largest gas and energy retailers, including Alinta, EnergyAustralia, Engie, Origin Energy and Shell Energy Australia during the September quarter[15].

The LOIs express interest for a total volume of 600 – 875 TJ per day (220 – 320 PJ per annum) of Tamboran's Beetaloo Basin gas supply for up to 10 – 15 years. The LOIs are conditional upon the Parties agreeing separate binding full termed Gas Sales Agreements (GSAs), including purchase price, transport arrangements and other key commercial terms.

Tamboran Increase Beetaloo Basin 2C Gas Resources to 2.1 TCF

In February 2024, Tamboran announced an increase to the Company's 1C and 2C unrisked contingent gas resources within the Beetaloo Basin following the drilling of the M1V and SS-1H wells[16 17].

Across EPs 76, 98, 117, 136 and 161, Tamboran's total company unrisked 1C contingent gas resources increased to 491 Bcf and unrisked 2C contingent gas resources increased to 2.1 Tcf.

11. December 14, 2023 ASX Announcement: Tamboran announces launch of equity raise
12. December 15, 2023 ASX Announcement: Successful completion placement & institutional entitlement
13. January 15, 2024 ASX Announcement: Successfully Completes Retail Entitlement Offer
14. December 18, 2023 ASX Announcement: Tamboran progress key pipeline agreements with AP Group
15. August 28, 2023 ASX Announcement: Tamboran signs additional East Coast gas LOIs
16. September 27, 2023 ASX Announcement: Tamboran increase Beetaloo Basin 2C gas resources to 2.0 Tcf
17. February 26, 2024 ASX Announcement: Tamboran increase Beetaloo Basin 2C gas resources to 2.1 Tcf

The resource upgrade was evaluated and certified by leading independent third-party resource certifier Netherland, Sewell & Associates, Inc. (NSAI), with an effective date of January 2024.

Proposed NTLNG Development Concept Select

In July 2023, Tamboran announced that the Wood Group (Wood) had been awarded the Concept Select Engineering contract[18]. The Concept Select phase is expected to be completed during the first quarter of 2024 ahead of entering pre-Front-End Engineering and Design (pre-FEED) during 2024.

This engineering work will define and select the key LNG plant specifications including liquefaction technology, compressor driver configuration, LNG capacity and draft facility layout on Tamboran's 170-hectare (440-acre) proposed LNG site in the Middle Arm Sustainable Development Precinct near Darwin.

Appointment of New Non-Executive Directors

In September 2023, Tamboran announced the appointments of Ms. Stephanie Reed and Mr. Ryan Dalton as Non-Executive Directors to the Board of Tamboran Resources Limited, effective September 28, 2023[19].

Ms. Reed brings over 15 years of oil and gas experience and serves as Partner of Formentera Partners, the major shareholder of Tamboran's Beetaloo Basin joint venture partner, Daly Waters Energy (DWE), in EPs 76, 98 and 117. She was previously Vice President of Oil & Gas Marketing & Midstream at Pioneer Natural Resources Company (NYSE: PXD) and a senior executive at Parsley Energy with a tenure of more than a decade.

Mr. Dalton brings over 20 years of financial experience including nearly a decade in the oil and gas industry. He most recently served as Executive Vice President, Chief Financial Officer at Parsley Energy. He has a background in corporate finance, strategic planning, public and private capital raising as well as risk management.

18. July 25, 2023 ASX Announcement: Wood awarded NTLNG Concept Select Contract
19. September 28, 2023 ASX Announcement Appointment of two new Non-Executive Directors

Tamboran Resources Publishes First TCFD Climate Change Report

In December 2023, Tamboran released the Company's first Climate Change Report (CCR)[20]. The CCR aims to align with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

The TCFD Report outlines Tamboran's strategy to respond to climate change, achieve Net Zero equity Scope 1 and 2 greenhouse gas (GHG) emissions from first commercial production and play a leading role in the energy transition as a reliable supplier of natural gas.

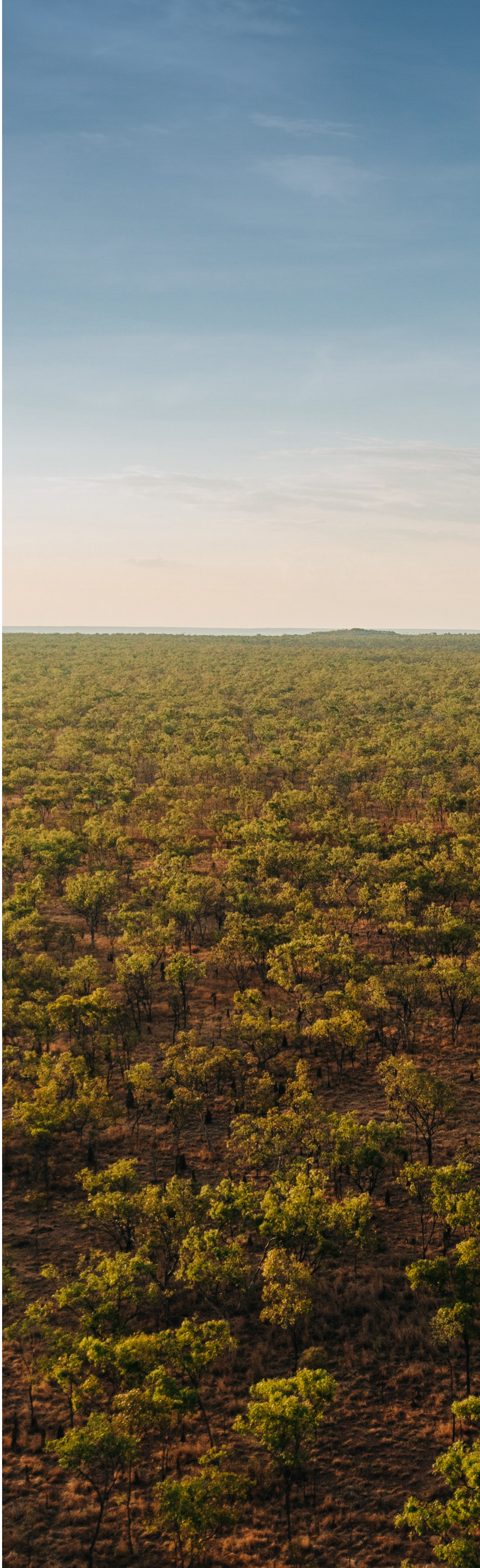
Matters Subsequent to the End of the Financial Half-Year

No matter or circumstance has arisen since December 31, 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Significant Changes in the State of Affairs

As set out in further detail on page 5, Tamboran re-domiciled from Australia to the United States of America by way of Scheme of Arrangement in December 2023. There were no other significant changes in the state of affairs of the Group during the financial half-year.

20. December 19, 2023 ASX Announcement: Tamboran publishes first TCFD Climate Change Report



FINANCIAL REPORT

CONSENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In Dollars)

	Note	December 31, 2023	June 30, 2023
ASSETS			
Current assets			
Cash and cash equivalents		$ 33,166,994	$ 6,426,306
Restricted cash		—	629,830
Trade and other receivables		8,348,888	829,753
Assets held for sale	3	8,408,930	8,818,509
Prepaid expenses and other current assets		513,853	317,634
Total current assets		50,438,665	17,022,032
Natural gas properties, successful efforts method:			
Unproved properties	3	209,935,562	163,385,971
Property, plant and equipment, net	3	156,252	197,571
Operating lease right-of-use assets	4	1,233,580	459,113
Finance lease right-of-use assets	4	20,846,156	—
Prepaid expenses and other non-current assets		1,857,091	1,788,168
Total non-current assets		234,028,641	165,830,823
TOTAL ASSETS		$ 284,467,306	$ 182,852,855
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued expenses	5	$ 21,476,946	$ 14,471,663
Current portion of operating lease obligations	4	337,359	280,962
Current portion of finance lease obligations	4	15,287,346	—
Total current liabilities		37,101,651	14,752,625
Operating lease obligations	4	918,779	198,743
Finance lease obligations	4	9,992,982	—
Asset retirement obligations	6	7,926,145	7,182,739
Other non-current liabilities		303,984	137,802
Total non-current liabilities		19,141,890	7,519,284
Total liabilities		56,243,541	22,271,909
Commitments and contingencies (Note 10)			
Shareholders' equity			
Common stock, no par value; unlimited shares authorized; 9,857,888 and 7,080,054 shares issued and outstanding at December 31, 2023 and June 30, 2023, respectively.		311,531,705	252,177,665
Additional paid-in capital		7,395,841	7,128,236
Accumulated other comprehensive loss		(4,377,435)	(11,310,125)
Accumulated deficit		(117,677,329)	(108,461,300)
Total Tamboran Resources Corporation shareholders' equity		196,872,782	139,534,476
Noncontrolling interest		31,350,983	21,046,470
Total shareholders' equity		228,223,765	160,580,946
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 284,467,306	$ 182,852,855

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONSENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)

(In Dollars)

		Six months ended December 31,	
	Note	2023	2022
Revenue and other operating income		$ —	$ —
Operating costs and expenses			
Compensation and benefits, including stock-based compensation		(1,764,394)	(3,658,733)
Consultancy, legal and professional fees		(3,785,275)	(3,980,795)
Depreciation and amortization		(58,084)	(59,393)
Loss on assets held for sale	3	(25,605)	—
Accretion of asset retirement obligations	6	(429,597)	(52,963)
Exploration expense		(3,387,001)	(1,388,023)
General and administrative		(1,597,986)	(1,416,934)
Total operating costs and expenses		(11,047,942)	(10,556,841)
Loss from operations		(11,047,942)	(10,556,841)
Other income (expense)			
Interest income net		248,531	63,469
Foreign exchange gain (loss), net		287,552	(389,889)
Other expenses, net		(760,771)	(307,764)
Total other expense		(224,688)	(634,184)
Net loss		(11,272,630)	(11,191,025)
Less: Net loss attributable to non-controlling interest		(2,056,601)	(5,351)
Net loss attributable to Tamboran Resources Corporation shareholders		$ (9,216,029)	$ (11,185,674)
Comprehensive loss			
Net loss		$ (11,272,630)	$ (11,191,025)
Other comprehensive income (loss)			
Foreign currency translation		8,333,400	5,968,764
Total comprehensive loss		(2,939,230)	(5,222,261)
Less: Total comprehensive loss attributable to noncontrolling interest		(655,891)	880,175
Total comprehensive loss attributable to Tamboran Resources Corporation shareholders		$ (2,283,339)	$ (6,102,436)
Net loss per common share			
Basic and diluted	9	$ (1.070)	$ (2.166)
Weighted average number of common shares outstanding			
Basic and diluted	9	8,612,217	5,164,977

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONSENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

(In Dollars)

	Common stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total Tamboran Resources shareholders' equity	Non-controlling interest	Total shareholders' equity
Balance at July 1, 2022	$ 167,562,860	$ 6,219,331	$ (12,672,912)	$ (76,427,953)	$ 84,681,326	$ —	$ 84,681,326
Issuance of common stock, net of issuance cost	84,614,805	—	—	—	84,614,805	—	84,614,805
Contributions from noncontrolling interest holders ..	—	—	—	—	—	20,938,856	20,938,856
Stock-based compensation ...	—	639,045	—	—	639,045	—	639,045
Foreign exchange translation	—	—	5,083,238	—	5,083,238	885,526	5,968,764
Net loss	—	—	—	(11,185,674)	(11,185,674)	(5,351)	(11,191,025)
Balance at December 31, 2022	$ 252,177,665	$ 6,858,376	$ (7,589,674)	$ (87,613,627)	$ 163,832,740	$ 21,819,031	$ 185,651,771
Balance at July 1, 2023	$ 252,177,665	$ 7,128,236	$ (11,310,125)	$ (108,461,300)	$ 139,534,476	$ 21,046,470	$ 160,580,946
Issuance of common stock, net of issuance cost	59,354,040	—	—	—	59,354,040	—	59,354,040
Contributions from noncontrolling interest holders ..	—	—	—	—	—	10,960,404	10,960,404
Stock-based compensation ...	—	267,605	—	—	267,605	—	267,605
Foreign exchange translation	—	—	6,932,690	—	6,932,690	1,400,710	8,333,400
Net loss	—	—	—	(9,216,029)	(9,216,029)	(2,056,601)	(11,272,630)
Balance at December 31, 2023	$ 311,531,705	$ 7,395,841	$ (4,377,435)	$ (117,677,329)	$ 196,872,782	$ 31,350,983	$ 228,223,765

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONSENSED CONSOLIDATED STATEMENTS OF CASHFLOW (UNAUDITED)
(In Dollars)

		2023		2022
Cash flows from operating activities:				
Net loss	$	(11,272,630)	$	(11,191,025)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization		58,084		59,393
Stock-based compensation		267,605		639,045
Foreign exchange loss, net		274,192		389,889
Loss on assets classified as held for sale		25,605		—
Accretion of asset retirement obligations		429,597		52,963
Changes in operating assets and liabilities:				
Trade and other receivables		561,377		(531,350)
Prepaid expenses and other assets		(239,942)		(192,438)
Accounts payable and accrued expenses		2,969,442		7,973,302
Other non-current liabilities		166,182		202,599
Net cash used in operating activities		(6,760,488)		(2,597,622)
Cash flows from investing activities:				
Payment for expenses relating to acquisitions		—		(677,507)
Payments for property, plant and equipment		—		(12,835,149)
Payments for exploration and evaluation		(27,036,860)		(72,129,689)
Payment of interest on finance lease liabilities		(387,045)		—
Proceeds from sale of property, plant and equipment		444,568		—
Proceeds from government grants for exploration		—		2,438,827
Net cash used in investing activities		(26,979,337)		(83,203,518)
Cash flows from financing activities:				
Proceeds from issue of shares		63,811,478		88,704,922
Contributions received from noncontrolling interest holders		2,879,892		20,938,856
Share issue transaction costs		(4,457,438)		(4,090,117)
Repayment of lease liabilities		(1,721,511)		—
Net cash from financing activities		60,512,421		105,553,661
Net increase in cash and cash equivalents and restricted cash		26,772,596		19,752,521
Cash and cash equivalents and restricted cash at the beginning of period		7,056,136		18,469,563
Effects of exchange rate changes on cash and cash equivalents		(661,738)		3,625,699
Cash and cash equivalents and restricted cash at the end of period	$	33,166,994	$	41,847,783
Supplemental cash flow information:				
Non-cash investing and financing activities:				
Accrued capital expenditure	$	4,035,841	$	9,881,544
Asset retirement obligations	$	(72,433)	$	(7,986,891)
Equity-based stock compensation	$	(267,605)	$	(639,045)
Operating lease right-of-use assets and lease liabilities	$	(774,467)	$	141,921
Interest accrued on finance lease liabilities	$	(1,191,036)	$	—
Finance lease right-of-use assets	$	(25,812,769)	$	—

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONSENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Dollars)

Note 1 – Business and Basis of Preparation

General

Tamboran Resources Corporation (the "Company" or "Tamboran" and together with its consolidated subsidiaries, the "Group") is an early-stage growth-oriented natural gas company with a vision of supporting the net zero CO_2 energy transition in Australia and Asia-Pacific through developing low CO_2 unconventional gas resources in the Northern Territory of Australia.

Reorganization

Tamboran acquired all of the issued and outstanding shares of Tamboran Resources Limited ("TBN"), our Australian predecessor and wholly owned subsidiary, pursuant to a Scheme of Arrangement ("Scheme") under Australian law, which was approved by TBN's shareholders on December 1, 2023, and the Federal Court of Australia on December 6, 2023. As part of the Scheme, we changed our place of domicile from Australia to the State of Delaware in the United States, effective on December 13, 2023.

In accordance with the Scheme, all ordinary shares of TBN have been transferred to us and pursuant to the Scheme, we issued to the shareholders of TBN, either one share of our common stock for every two hundred ordinary shares of TBN or one CHESS Depository Interest ("CDIs") over our common stock for every one ordinary share of TBN, in each case, as held on the Scheme record date. We maintain an Australian Securities Exchange ("ASX") listing for our CDIs, with each CDI representing 1/200th of a share of common stock. Holders of CDIs are able to trade their CDIs on the ASX under the symbol "TBN". All share and per share data presented in our condensed consolidated financial statements have been retroactively adjusted to reflect a one for two hundred (1:200) exchange ratio ("Exchange Ratio") of all of our issued and outstanding common stock. As a result of the reorganization, we became the parent company of TBN, and for financial reporting purposes, the historical financial statements of TBN have become our historical financial statements as a continuation of the predecessor.

Going concern and Management's liquidity plan

The accompanying condensed consolidated financial statements have been prepared on the basis that the Group will continue as a going concern which contemplates the realization of assets and the satisfaction of liabilities in the ordinary and usual course of business.

As of December 31, 2023, the Group has:

- not generated revenues since inception, and is unlikely to generate earnings in the immediate or foreseeable future;
- a working capital surplus of $4,928,084 (excluding assets of disposal group held for sale), with the surplus arising due to the timing of cash receipts from the capital raise completed just prior to December 31, 2023;
- an accumulated deficit of $117,667,329 since inception; and
- significant expenditures planned for the unproved properties in the next twelve months.

These factors raise substantial doubt regarding the Group's ability to continue as a going concern for the 12 months following the date these condensed consolidated financial statements were available for issuance. The continuation of the Group as a going concern is dependent upon the ability of the Group to obtain necessary additional capital to fund ongoing exploration projects and/or obtain oil and gas producing properties to attain future profitable operations. No assurance can be given that the Group will be successful in these efforts in the future.

Management has several plans in various stages of progress to source additional funding to provide operating capital for continued growth of the Group. Therefore, these condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

Basis of Presentation of Unaudited Condensed Consolidated Financial Statements

The accompanying condensed consolidated financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America ("U.S. GAAP") and rules and regulations of the Securities and Exchange Commission ("SEC") applicable to interim financial statements. Pursuant to such rules and regulations, certain disclosures and information required by U.S. GAAP for complete consolidated financial statements have been condensed or omitted. The accompanying condensed consolidated financial statements and notes therein should be read in conjunction with the financial statements and notes included in TBN's consolidated financial statements for the year ended June 30, 2023, ("Group's Annual Financial Statements").

These condensed consolidated financial statements reflect all adjustments, in the opinion of management, which include normal and recurring adjustments necessary to fairly state the Group's financial position, results of operations, and cash flows for the periods presented herein. The interim results are not necessarily indicative of results for any other future annual or interim period. The June 30, 2023, condensed consolidated balance sheet was derived from the audited Group's Annual Financial Statements but does not include all disclosures required by GAAP for annual financial statements.

Significant Judgments and Accounting Estimates

The preparation of these condensed consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and the accompanying notes. There have been no significant changes to the Group's accounting estimates from those disclosed in the Group's Annual Financial Statements.

Significant Accounting Policies

The Group's significant accounting policies are described in the notes to the consolidated financial statements for the year ended June 30, 2023, included in the Group's Annual Financial Statements. There have been no significant changes in accounting policies during the six months ended December 31, 2023.

Foreign Currency Translation

These consolidated financial statements are presented in US dollars ("$" or "dollars") and the functional currency of the Company is the Australian Dollar ("A$"). Adjustments resulting from the translation of functional currency financial statements to reporting currency are accumulated and reported as a part of "Accumulated Other Comprehensive Loss", a separate component of shareholders' equity.

Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of operations and comprehensive loss.

Leases

As a Lessee

The Group accounts for leases under ASC 842, *Leases* ("ASC 842"). The Group determines if an arrangement is a lease at inception of the arrangement and if such lease will be classified as an operating lease or a finance lease. The Group's leases represent its right to use an underlying asset for the lease term. Right-of-use ("ROU") assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As the Group's lease does not provide an implicit rate, the Group used its incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment.

The Group has elected to account for lease and non-lease components in its contracts as a single lease component for all asset classes except for office premises.

Operating leases are included in "Operating lease right-of-use assets" within the Group's condensed consolidated balance sheet. The Group's related obligation to make lease payments are included in "Current portion of operating lease obligations" and "Operating lease obligations" within the Group's condensed consolidated balance sheet. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term.

Finance leases are included in “Finance lease right-of-use assets” within the Group’s condensed consolidated balance sheet. The Group’s related obligation to make lease payments are included in “Current portion of finance lease obligations” and “Finance lease obligations” within the Group’s condensed consolidated balance sheet. Finance lease expense includes amortization of the ROU assets and interest on lease liabilities. The Group capitalizes the finance lease expense as a part of unproved properties when the leased asset is directly involved in the drilling of wells (i.e. the finance lease expense is a direct cost of drilling wells).

Leases with a lease term of 12 months or less are not recorded on the condensed consolidated balance sheet and are recognized as lease expense on a straight-line basis over the lease term. When it is reasonably certain the Group will exercise an option to extend the short-term lease beyond 12 months, the cost will be capitalized.

As a Lessor

Sublease income is recognized on straight-line basis over the term of the sublease agreement and is recorded within other expense, net in the condensed consolidated statements of operations and comprehensive loss.

Natural Gas Properties

The Group is in the exploration stage and has not yet realized any revenues from its operations. The Group holds a number of exploration permits that are grouped into areas of interest according to geographical and geological attributes. Expenditure incurred in each area of interest is accounted for using the successful efforts method, as defined within ASC 932, *Extractive Activities – Oil and Gas*.

Under this method, all general exploration and evaluation costs such as geological and geophysical costs are expensed as incurred. The direct costs of acquiring the rights to explore, drilling exploratory wells, and evaluating the results of drilling are capitalized as exploration and evaluation assets (as a part of unproved properties) pending the determination of the results of the well. If a well does not result in hydrocarbons being present, the previously capitalized costs are immediately expensed.

Recently Issued Accounting Standards

As of December 31, 2023, and through the date the condensed consolidated financial statements were available for issuance, no Accounting Standards Updates have been issued and not yet adopted that are applicable to the Group and that would have a material effect on the Group’s condensed consolidated financial statements and related disclosures.

Note 2 – Variable Interest Entities

On September 18, 2022, Tamboran (West) Pty Ltd (“West”) entered into a 50/50 joint operation (“JV agreement”) with DWE to form Tamboran (B1) Pty Ltd (“TB1”). In assessing the primary beneficiary of TB1, the Company determined the primary activities that most significantly impact the economic performance of TB1 include serving as the manager, determining the strategy and direction of TB1, and the power to create a budget.

The Company was appointed as the manager to manage and carry out day to day operations, which supports the basis of Tamboran as the primary beneficiary. The Company, as manager, also prepares the work plans and budget of TB1. As such, it was determined that the Company has the power to direct TB1’s activities that most significantly impact TB1’s economic performance. As a result of the assessment performed, the results of TB1 have been included in the accompanying condensed consolidated financial statements. TB1 has no assets that are collateral for or restricted solely to settle its obligations. The creditors of TB1 do not have recourse to the Group’s general credit.

The Company also assessed which party to the JV has the obligation to absorb losses or the right to receive the benefits of the VIE that could potentially be significant to the VIE. The future profits and losses of TB1 are shared by the Company and DWE in proportion to their respective equity interest in TB1, however, to date, the Company has contributed a greater proportion of the capital and has no ability to recoup any of the excess funding the Company has made to TB1 from DWE and therefore has a greater exposure to absorb losses.

A loan was provided to West from the Tamboran Resources Limited, a subsidiary of the Company. This loan was used by West to acquire its interest in TB1. On November 9, 2022, TB1 completed the acquisition of a 77.5% share of Beetaloo Basin assets, EP 76, EP 98, and EP 117. As a result of the JV agreement, the Company and Sheffield each acquired a 38.75% interest in the permits for the total undivided interest of 77.5%. Falcon holds the remaining undivided interest of 22.5% in the Beetaloo Basin assets.

The following table summarizes the carrying amounts of TB1's assets and liabilities included in the Group's condensed consolidated balance sheet for the six months ended December 31, 2023:

	December 31, 2023	June 30, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 900,672	$ 88,451
Trade and other receivables	22,395,491	821,979
Prepaid expenses and other current assets	21,641	80,806
Total current assets	23,317,804	991,236
Natural gas properties, successful efforts method:		
Unproved properties	144,459,940	102,710,385
Finance lease right-of-use assets	20,846,156	—
Prepaid expenses and other non-current assets	390,633	—
Total non-current assets	165,696,729	102,710,385
TOTAL ASSETS	$ 189,014,533	$ 103,701,621
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$ 16,772,214	$ 11,867,753
Current portion of finance lease obligations	15,287,346	—
Total current liabilities	32,059,560	11,867,753
Finance lease obligations	9,992,982	—
Asset retirement obligations	4,061,416	3,650,758
Loan from Tamboran	91,199,418	46,257,798
Total non-current liabilities	105,253,816	49,908,556
TOTAL LIABILITIES	$ 137,313,376	$ 61,776,309

Note 3 – Property, Plant and Equipment & Natural Gas Properties

Natural gas properties

The Group held unproved natural gas properties as of December 31, 2023, and June 30, 2023, amounting to $209,935,562 and $163,385,971, respectively. These amounts reflect the Group's exploration projects, which are pending the determination of proven and probable reserves and were not being depleted for the six months ended December 31, 2023, and 2022, respectively. These assets will be reclassified to proved gas properties when placed in service and then subsequently depleted.

During the six months ended December 31, 2023, and 2022, the Group recognized no impairment related to unproved natural gas properties.

		EP 161		EP136		EP 76, 98 and 117		Total
Balance at July 1, 2023	$	23,718,277	$	50,799,090	$	88,868,604	$	163,385,971
Capital expenditure.........................		—		549,428		30,523,273		31,072,701
Restoration Assets		—		—		72,433		72,433
Interest on finance lease liability and related depreciation of ROU assets capitalized		—		—		7,603,229		7,603,229
Effect of changes in foreign exchange rates		915,390		1,981,759		4,904,079		7,801,228
Balance at December 31, 2023	$	24,633,667	$	53,330,277	$	131,971,618	$	$209,935,562

Property, plant and equipment

The Group held property, plant and equipment including leasehold improvements and machinery work-in-progress as of December 31, 2023, and June 30, 2023, amounting to $156,252 and $197,571, respectively.

Assets classified as held for sale

On April 12, 2022, Tamboran entered into an agreement with HCI RMX, LLC to purchase rig 300, rig 301 and rig 403 (together "HCI Rigs") for a total of $21,000,000 of which $10,000,000 was paid in the period to December 31, 2022, and the remaining $11,000,000 was paid in the period to December 31, 2023, in equal installments over the first six months of the period. On December 23, 2022, the HCI Rigs were classified as assets held for sale after Board approval.

While rig 300 was sold in the prior year, during the six months ended December 31, 2023, rig 301 was also sold to a third party for $444,568, net of commission expenses. The loss on sale of rig 301 was $25,605. Rig 403 remained unsold as of December 31, 2023, though the Board and Management remain committed to selling this asset in the next twelve months. As of December 31, 2023, rig 403 is carried at the lower of its carrying amount and fair value less costs to sell and no further loss was recorded.

Note 4 – Leases

As a Lessee

The Group's operating lease activities consist of leases for office premises.

Commencing October 1, 2023, Tamboran entered into a new lease agreement with Lendlease IMT (OITST ST) Pty Ltd for their office premises in Barangaroo, Australia. The term of the lease is four years, with no option to renew.

On September 9, 2022, Sweetpea Petroleum Pty Ltd ("Sweetpea Petroleum"), a wholly owned subsidiary of Tamboran, entered into a drilling contract with Helmerich & Payne International Holdings LLC (H&P) for H&P to assist the Group in carrying out its onshore drilling operations in Australia. The drilling contract grants Tamboran the right to use the drilling rig from H&P over the non-cancellable contract term of 25 months starting from July 1, 2023. The drilling contract is recognized as a finance lease under ASC 842 ("H&P Rig Lease").

The present value of the minimum future obligations was calculated based on an incremental borrowing rate of 13.5% p.a., which was recognized in finance lease liabilities in the condensed consolidated balance sheet.

The following table presents the classification and location of the Group's leases on the condensed consolidated balance sheets:

	December 31, 2023	June 30, 2023
Right-of-use assets:		
Operating lease right-of-use assets	$ 1,233,580	$ 459,113
Financing lease right-of-use assets	20,846,156	—
	22,079,736	459,113
Lease liabilities:		
Current portion of operating lease obligations	337,359	280,962
Non-current portion of operating lease obligations	918,779	198,743
Current portion of finance lease obligations	15,287,346	—
Non-current portion of finance lease obligations	9,992,982	—
	$ 26,536,466	$ 479,705

For the six months ended December 31, 2023, and 2022, the components of the lease costs were as follows:

	Six months ended 31 December,	
	2023	2022
Operating leases		
Operating lease cost charged to profit and loss	$ 211,985	$ 144,356
Finance leases:		
Interest on lease liabilities	1,578,081	—
Depreciation of right-of-use assets	6,025,148	—
Total finance lease cost	7,603,229	—
Less: Lease cost capitalized	(7,603,229)	—
Finance lease cost charged to profit and loss	$ —	$ —

The following table presents the cash flow information related to lease payments for the six months ended December 31, 2023 and 2022:

	Six months ended 31 December,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 211,985	$ 144,356
Financing cash flows for financing leases	1,721,511	—
	$ 1,933,496	$ 144,356

The following table presents supplemental information for the Group's non-cancellable leases for the six months ended December 31, 2023, and 2022:

	Six months ended 31 December,	
	2023	2022
Operating leases		
Weighted-average remaining lease term	3.02	1.67
Weighted-average incremental borrowing rate	9.91%	3.90%
Finance leases		
Weighted-average remaining lease term	1.83	—
Weighted-average incremental borrowing rate	13.45%	—

As of December 31, 2023, the Group's undiscounted minimum cash payment obligations for its lease liabilities are as follows:

As at December 31, 2023	**Operating leases**	**Finance leases**
2024	$ 295,703	$ 6,579,850
2025	499,351	14,417,500
2026	302,227	4,858,500
2027	313,561	—
Thereafter	79,106	—
Total lease payments	1,489,948	25,855,850
Less: Imputed interest	(233,810)	(2,866,664)
Present value of lease liabilities	$ 1,256,138	$ 22,989,186

As a Lessor

On October 15, 2023, the Group entered into an agreement with a third party to sublease its former office premises in Manly, Australia. The commencement date of the sublease was October 1, 2023, with a lease term of 17 months. Sublease income for the six months ended December 31, 2023, was $77,135 and is included within other expenses, net on the Group's condensed consolidated statements of operations and comprehensive loss. There have been no indications of impairment related to the underlying right-of-use asset.

Note 5 – Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included in current liabilities consists of the following:

	December 31, 2023	June 30, 2023
Accounts payable	$ 8,424,536	$ 4,205,015
Accrued payroll	401,001	435,987
Compensated absences	302,056	396,949
Defined contribution superannuation payable	7,801	7,520
Accrued capital expenditure	11,151,647	7,115,806
Accrued expenses	1,189,905	2,310,386
	$ 21,476,946	$ 14,471,663

Note 6 – Asset Retirement Obligations

The Group recognizes the liability for an asset retirement obligation at their estimated fair value in the period in which the obligation originates. Fair value is estimated using the present value technique (level 2) based on a number of observable inputs including estimates and assumptions such as future retirement costs, future inflation rates and the Company's credit-adjusted risk-free interest rate.

The reconciliation of changes in asset retirement obligations for the six months ended December 31, 2023, is as follows:

		Six months ended December 31, 2023
Beginning asset retirement obligations	$	7,182,739
Liabilities incurred		72,433
Accretion expense		429,597
Effect of changes in foreign exchange rates		241,376
Long-term asset retirement obligations	$	7,926,145

Note 7 – Stock-Based Compensation

Equity incentive plan

During the six months ended December 31, 2023, the Group did not grant any new options to its employees. 3,000,000, milestone options were forfeited during the six months ended December 31, 2023. The Group recognized $267,605 as stock compensation expense for the six months ended on December 31, 2023.

As of December 31, 2023, there was $414,355 of unrecognized compensation expense related to the share options, which will be amortized over a weighted average period of 0.68 years.

Note 8 – Income Taxes

The effective tax rates for the six months ended December 31, 2023, and 2022 were both nil. The Group's effective tax rate differed from the applicable statutory income tax rate of 30% due to operating losses incurred for the six months ended December 31, 2023, and 2022. The Group has accumulated losses for tax purposes as of December 31, 2023, in the amount of $247,457,947 which may be carried forward and offset against taxable income in the future for an indefinite period, subject to meeting Australian tax rules around continuity of ownership or business continuity test.

As of December 31, 2023, and June 30, 2023, the Group does not have any uncertain tax positions.

Note 9 – Earnings/(Loss) Per Share

Basic net earnings/ (loss) per share applicable to common stockholders is computed by dividing earnings applicable to common stockholders by the weighted average number of common shares outstanding. Diluted earnings/ (loss) per share assumes the conversion of any convertible securities using the treasury stock method.

The computations for basic and diluted loss per share are as follows:

	Six months ended December 31,			
		2023		2022
Numerator:				
Net loss after income tax attributable to Tamboran Resources Corporation shareholders	$	(9,216,029)	$	(11,185,674)
Denominator:				
Weighted average number of ordinary shares outstanding, basic and diluted		8,612,217		5,164,977
Net loss per share, basic and diluted	$	(1.070)	$	(2.166)

The Company's potentially dilutive shares, which include outstanding common stock options, have not been included in the computation of diluted net loss per share for the six months ended December 31, 2023, and 2022 as the result would be anti-dilutive.

Note 10 – Commitments and Contingencies

From time to time, the Group may be subject to various claims, title matters and legal proceedings arising in the ordinary course of business, including environmental contamination claims, personal injury and property damage claims, claims related to joint interest billings and other matters under natural gas operating agreements and other contractual disputes. The Group maintains general liability and other insurance to cover some of these potential liabilities. All known liabilities are fully accrued based on the Group's best estimate of the potential settlement amount. While the outcome and impact on the Group cannot be predicted with certainty, the Group believes that its ultimate liability with respect to any such matters will not have a significant impact or material adverse effect on its financial positions, results of operations or cash flows. Results of operations and cash flows, however, could be significantly impacted in the reporting periods in which such matters are resolved.

Capital commitments

		December 31, 2023		June 30, 2023
Committed at the reporting date but not recognized as liabilities, payable:				
Sweetpea Petroleum Pty Ltd	$	43,810,200	$	42,465,150
EP 161		2,736,000		2,652,000
Beetaloo Joint Venture		55,925,550		54,208,538

Sweetpea Petroleum Pty Ltd

Sweetpea Petroleum's committed spend as of December 31, 2023, is $43,810,200 which is related to two licenses, EP 136 with total commitments of $34,029,000 and EP 143 with total commitments of $9,781,200.

Sweetpea Petroleum's current Year 5 minimum work requirements in EP 136 include the re-entry of a vertical well, sidetrack to drill a horizontal well, stimulate and test one exploration well plus the assessment of petroleum resources potential for a minimum expenditure of $19,494,000 due by December 31, 2023. As of December 31, 2023, this work had not been completed, however, an application to vary the minimum work commitments by removing the requirement to drill the horizontal well was submitted to the Department of Industry, Tourism and Trade ("DITT") on September 1, 2023. A renewal application for EP 136 was submitted to DITT on September 28, 2023, with a proposed expected work program commitment of $14,535,000, for the next exploration term (five years from January 2024 to December 2028). The renewal application remains under review by the DITT during which time the Group continues to have the right to explore. We have no reason to believe that the renewal will not be approved.

Sweetpea Petroleum has current Year 1 minimum work requirements in EP 143 which include various desktop evaluations including subsurface studies, environmental assessments, design and planning of 2D seismic survey and progress of land access negotiations with pastoralist for regulated activities for a minimum expenditure of $273,600 due in April 2024. The remaining committed spend for EP 143 of $9,507,600 is Year 2 to Year 5 minimum work requirements over the period May 2024 to April 2028.

EP 161

For the McArthur working interest, we are obligated to contribute our share of expenses to uphold our stake in EP 161. Our commitment through March 2026 is approximately $2,736,000 based on the minimum work requirements. There are no minimum commitment requirements after March 2026.

Beetaloo Joint Venture

The terms of the Beetaloo Joint Venture necessitate specific work obligations through May 2028. These commitments include an expected spend of $55,925,550 million related to drilling and multi-stage hydraulic fracturing of five wells across EP 76 of $22,131,675, EP 98 of $11,794,725 and EP 117 of $21,999,150 as well as subsurface studies.

Environmental

The Group's operations are subject to risks normally associated with the drilling, completion and production of oil and gas, including blowouts, fires, and environmental risks such as oil spills or gas leaks that could expose the Group to liabilities associated with these risks.

In the Group's acquisition of existing or previously drilled well bores, the Group may not be aware of prior environmental safeguards, if any, that were taken at the time such wells were drilled or during such time the wells were operated. The Group maintains comprehensive insurance coverage that it believes is adequate to mitigate the risk of any adverse financial effects associated with these risks.

However, should it be determined that a liability exists with respect to any environmental cleanup or restoration, the liability to cure such a violation could still fall upon the Group. No claim has been made, nor is the Group aware of any liability which the Group may have, as it relates to any environmental cleanup, restoration, or the violation of any rules or regulations relating thereto except for the matter discussed above.

Legal proceedings

The Group is a party to legal proceedings encountered in the ordinary course of its business. While the ultimate outcome and impact to the Group cannot be predicted with certainty, in the opinion of management, it is remote that these legal proceedings will have a material adverse impact on the Group's condensed consolidated financial condition, results of operations or cash flows.

Note 11 – Related Party Transactions

The Group entered into related party transactions with two shareholders, H&P and Mr. Bryan Sheffield during the six months end December 31, 2023.

H&P

During the year ended June 30, 2023, the Group entered into a strategic alliance with H&P and secured a $15,000,000 equity investment from H&P (and as a consequence, a member of the H&P Executive Leadership Team was appointed as a director of the Group). The strategic alliance resulted in H&P supporting the Group's development plans in the Northern Territory through their equity investment in the Company while at the same time executing on H&P's strategy to gain more international exposure through the use of drilling rigs in Australia.

On July 1, 2023, the lease commenced with H&P for the use of the FlexRig® for a 25-months period (see Note 4). Accordingly, during the six months ended on December 31, 2023, the Group incurred $11,486,167, relating to a combination of mobilization, standby, drilling, labor and rig move costs, $9,259,142 of which remains unpaid as of December 31, 2023, including $7,032,117 related to mobilization payables.

Also, during the six months ended on December 31, 2023, the Company entered into a subscription deed to issue five-year Convertible Notes of up to $9,000,000 (A$13,505,402 at a fixed exchange rate of A$1.00:US$0.664) to H&P (related party) on July 6, 2023 (the "Convertible Notes"), the terms of which were approved by shareholders on August 21, 2023. The key terms of the Convertible Notes include a conversion option with a floor of A$0.21 and a ceiling of A$0.30 per share, for a maximum number of shares of 67,848,567 and a minimum number of shares of 47,493,997, respectively, although H&P can only exercise its conversion option on a change of control of the Company. Change of control is defined by the agreement as:

(a) a person not in Control of the Company (either alone or jointly with another person) acquires Control of the Company, or, (ii) a Group member enters into any arrangement to dispose of or transfer to one or more third parties:

(b) a Group member enters into any arrangement to dispose of or transfer to one or more third parties:

   (i) all or substantially all of the assets of the Group or its business in any manner including by way of a restructure, asset or security sale, or

   (ii) more than 50% of the voting shares in the Company;

(c) the Company determines that any of the events in paragraphs (a) or (b) above is likely to occur, but excluding any arrangement in respect of a solvent restructure of the Group or its business or under which there is a new holding company of the Group.

Tamboran has not yet issued the Convertible Notes and as such has not yet drawn down any amount under the Convertible Notes.

Mr. Bryan Sheffield

During the six months ended on December 31, 2023, the Group transacted with DWE, an entity controlled by Mr. Sheffield who has been a shareholder in the Company since November 2021.

During the year ended June 30, 2023, DWE formed a 50/50 joint venture with the Group to acquire Origin Energy's exploration permits EP 76, 98 and 117 in the Beetaloo Basin (collectively known as the Beetaloo JV). The result of this transaction is that DWE has a beneficial ownership of 38.75% in the Beetaloo JV. The Group also has a 38.75% beneficial ownership in the Beetaloo JV and is the operator of these permits.

During the six months ended on December 31, 2023, the Group issued cash call requests totaling $10,400,378 to DWE to fund their share of costs for the Beetaloo JV. As of December 31, 2023, the Group had unpaid cash calls owing from DWE in the amount of $4,351,687.

Note 12 – Subsequent Events

On January 17, 2024, the Company issued shares related to the retail component (Retail Entitlement Offer) of its accelerated non-renounceable pro rata entitlement offer on a 1 for 6.2 basis (Entitlement Offer), which was announced on the ASX on December 14, 2023. The Retail Entitlement Offer raised a total of $9,328,083 at an offer price of $0.11 (A$0.16) per new CDI representing a beneficial interest in one two hundredth of a share of common stock in the Company. The Retail Entitlement Offer received support from Tamboran's eligible retail holders of CDIs electing to take up their entitlements under the Retail Entitlement Offer, and applying for additional CDIs, in excess of their entitlement.

The Group has evaluated its subsequent events occurring after December 31, 2023, through March 15, 2024, which represents the date the condensed consolidated financial statements were available to be issued. No further subsequent events have been identified that would require disclosure in these condensed consolidated financial statements.

DIRECTOR'S DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with U.S. Generally Accepted Accounting Principles as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as of December 31, 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.

On behalf of the Directors

Richard Stoneburner
Chairman of the Board

March 15, 2024
Sydney

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMBORAN RESOURCES LIMITED

Building a better working world

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Independent auditor's review report on interim financial information

To the members of Tamboran Resources Corporation

Introduction

We have reviewed the accompanying interim condensed financial statements of Tamboran Resources Corporation and subsidiaries ("the Group"), which comprises the condensed balance sheet as at December 31, 2023, the condensed statements of operations and comprehensive loss, stockholders' equity and cash flows for the half year then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with U.S. Generally Accepted Accounting Principles. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, 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 International Standards on Auditing 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.

Emphasis of matter

The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern. As discussed in Note 1 to the financial statements, the Group has suffered recurring losses from operations, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. We draw attention to Note 1 of the financial report which describes the principal conditions that raise doubts about the Group's ability to continue as a going concern.

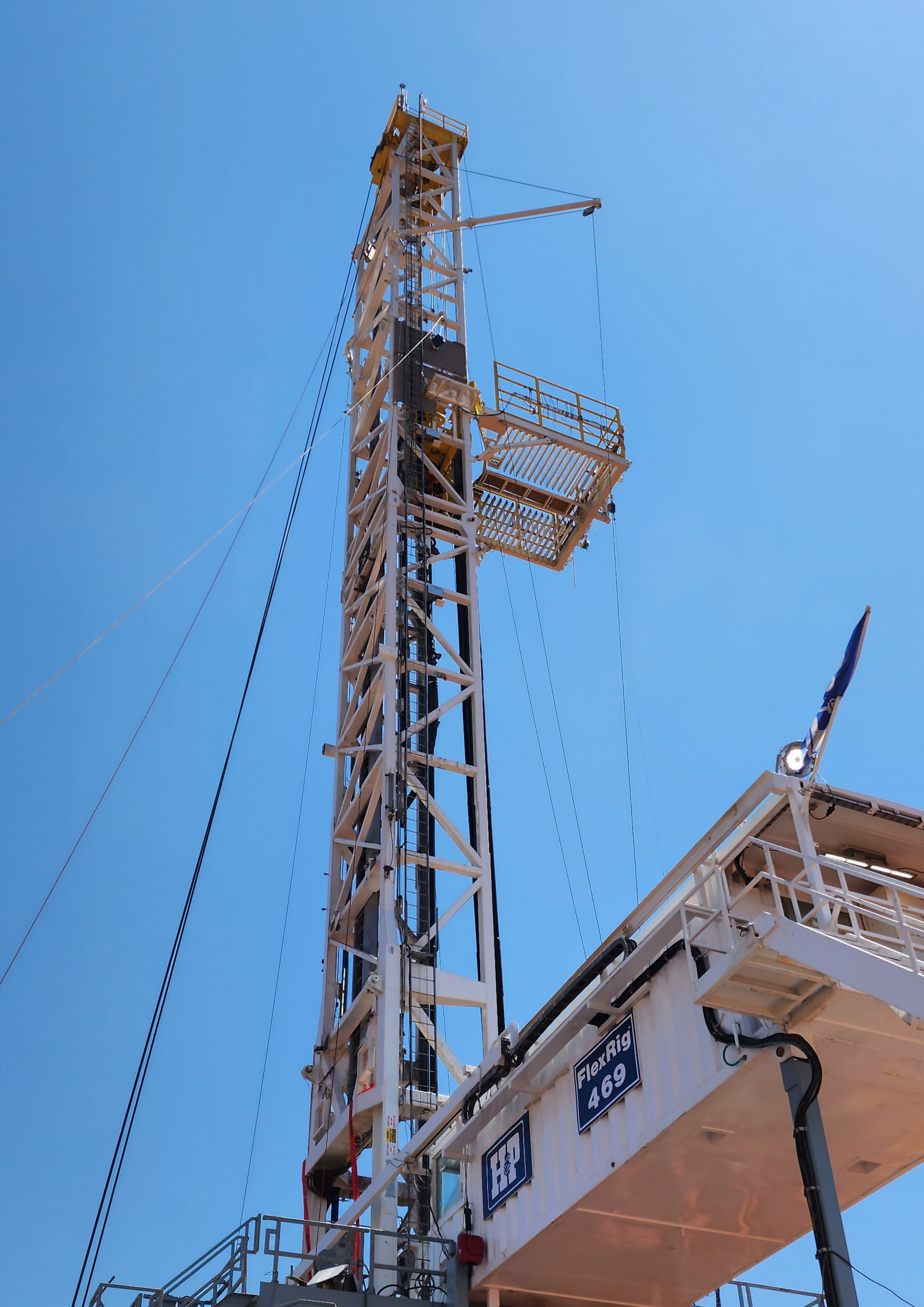
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with U.S. Generally Accepted Accounting Principles.

Ernst + Young

Ernst & Young

Scott Nichols
Partner
Sydney
15 March 2024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