

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

Tamboran announces acquisition of Origin Energy's Beetaloo Assets, funded through a placement and strategic partnerships to raise up to ~\$195 million

Highlights

- Tamboran and Bryan Sheffield (Sheffield) have agreed to jointly (50% each) acquire Origin Energy's (Origin) 77.5 per cent interest in three Beetaloo Basin permits (EP 98, 117 and 76) through a joint venture entity (the JV) for an upfront cash consideration of \$60 million plus a future production royalty.
- Tamboran becomes the largest acreage holder 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 trillion cubic feet (TCF).
- The JV has entered into a binding 10-year Gas Sales Agreement (GSA) for up to 36.5 PJ per annum (18.3 PJ per annum net to Tamboran) with Origin, Australia's leading energy retailer.
- The acquisition will be funded through an institutional placement to new and existing shareholders to raise up to \$138 million (before costs) at \$0.21 per share, representing a 22.2 and 18.2 per cent discount to the Company's closing price and five-day VWAP, respectively, on Wednesday 14 September 2022.
- The institutional placement included a \$98 million Private Placement of shares to strategic partners and US cornerstone investors, supported by investments of \$30 million by Sheffield and \$22 million by Helmerich and Payne (H&P).
- The placement has been structured in two tranches, with the second tranche subject to shareholder approval at a General Meeting to be held on Tuesday, 25 October 2022.
- Tamboran intends to launch a Share Purchase Plan (SPP) allowing existing shareholders to participate on the same terms as the placement at \$0.21 per share, targeting \$3.0 million.
- Tamboran's major shareholders, representing over 50 per cent of the Ordinary Shares who are entitled to vote, intend to vote in favour of the Placement, including Tamboran's Board and largest shareholder, Longview Petroleum (19.6% interest).
- Immediate near-term catalysts include the drilling of Maverick 1V (M1V) in EP 136, currently underway, and two Amungee wells are planned to commence in October 2022. Initial production rates from the two Amungee wells are expected to be announced in early calendar year 2023.

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

"The acquisition of Origin's Beetaloo assets is transformational for Tamboran and our shareholders, positioning the Company as the largest acreage holder in the Basin. This allows Tamboran to set the pace

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of development, which will involve a focus on accelerating initial production and cash flow generation from the acreage around the Amungee area. Commercialisation of the gas at Amungee is supported by a binding 10-year GSA with Origin and the previously announced Memorandum of Understanding with Jemena, which secured Tamboran access to the Northern Gas Pipeline, the only pipeline currently connecting the Northern Territory to Australia's East Coast.

"Tamboran will jointly acquire Origin's Beetaloo Basin assets with Bryan Sheffield, the Founder, Chairman and CEO of US unconventional E&P Parsley Energy, which was acquired by Pioneer Natural Resources in January 2021 for ~US\$7.5 billion. Mr. Sheffield is the Founder and Managing Partner of Formentera Partners, a private oil and gas firm, and is investing through his wholly owned entity, Daly Waters Energy, LP. Tamboran will assume operatorship and work with Mr. Sheffield to further de-risk the Basin. Sheffield's total \$82 million investment includes a cornerstone equity investment of \$30 million in the placement.

"H&P, the largest onshore driller in the United States, has invested \$22 million in the placement. Having Sheffield and H&P join Tamboran in the Beetaloo brings additional US unconventional expertise and capital to the region. Working together closely, we intend to focus on accelerating the pace of activity through improved well designs and operational efficiencies, which are expected to improve development economics.

"The acquisition of Origin's assets secures the JV a binding GSA with Origin, a leading energy retailer and one of the largest suppliers on the East Coast. Under the GSA, the JV will supply Origin with up to 36.5 PJ per annum (18.3 PJ per annum net to Tamboran) for 10 years, providing the JV with near-term pathway to cash flow. Alongside the recently announced Memorandum of Understanding with Jemena, which allows access to the Northern Gas Pipeline, the Origin GSA is expected to support our ambition to supply low-carbon dioxide gas to Australia's East Coast gas market.

"Tamboran remains absolutely committed to operating sustainably. We intend to build on the deep relationships with Traditional Owners, pastoralists, other local stakeholders and the Northern Territory Government that have been fostered by Origin in the Beetaloo over its substantial, multi-year exploration and appraisal program. The Company is committed to working constructively and transparently in all interactions as we seek to support businesses, jobs and local interests as a member of the community.

"The Company's vision for playing our part in the global transition to a lower carbon economy through the production of low CO₂ natural gas resources also remains unchanged. Our objective is to become a Net Zero carbon emissions gas producer for our equity share of Scope 1 and Scope 2 emissions when the Company commences commercial sales of natural gas by integrating renewable energy and carbon offsets into any development.

"Thank you to everyone who has supported Tamboran's placement, who have made this transformational acquisition possible. This is truly an exciting time for the Company as we look to prove up a world-class gas resource. We expect Beetaloo gas will deliver affordable, low-CO₂ natural gas to Australia's East Coast gas market and global LNG markets over the next decade. I look forward to sharing the progress of our drilling activity over the next few months in due course."

Bryan Sheffield said:

“I believe this multi-stacked resource play has the potential to replicate the Permian and be one of the solutions to address the global energy crisis. I'm thrilled to partner with Tamboran and H&P, teaming up with a top-tier operator and one of the best drilling companies in the world to develop this play.”

Terms of the acquisition of Origin Energy’s Beetaloo assets

The JV (which is 50% owned by Tamboran and 50% owned by Sheffield) will acquire Origin’s 77.5% interest and operatorship in three Beetaloo Basin blocks (EP 98, 117 and 76) with an effective date of 1 July 2022. The acquisition of Origin Energy’s Beetaloo assets is subject to regulatory approval, waiving of pre-emptive rights and other customary conditions.

Change to EP 98/117/76 permit interest	Pre-Origin Purchase	Post-Origin Purchase
Origin Energy	77.5%*	-
The JV (Tamboran and Sheffield)	-	77.5%*
Falcon Oil & Gas	22.5%	22.5%

**Tamboran to operate.*

The consideration for the acquisition includes:

- **Upfront cash payment of \$60 million**, which will be shared equally between the JV participants.
- 5.5% revenue royalty on production on a 77.5% working interest basis.
- **The JV have secured a binding 10-year GSA** with Origin for production up to 100 TJ per day (36.5 PJ per annum) from the acquired assets.
- 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 fund the remaining Origin Stage 3 farm-in commitments, which includes the drilling of two horizontal wells, at an estimated cost of \$80 million, and back costs to the effective date of 1 July 2022

On completion, Tamboran will have estimated prospective gas resources of ~147 TCF and 2C contingent gas resources of ~1.5 TCF (net to Tamboran), respective increase of ~370% and ~270%.

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Institutional equity placement and share purchase plan

Tamboran has successfully raised \$138 million (pre-costs) in equity, through the issue of 657,214,193 new shares at an issue price of \$0.21 per share under the institutional placement. This includes a \$98 million Private Placement to strategic partners and US cornerstone investors, including equity investments of \$30 million by Sheffield, \$22 million by Helmerich and Payne (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 issue price represents a discount of:

- 22.2% to Tamboran's closing share price on Wednesday 14 September 2022 of \$0.270 per share.
- 18.2% to Tamboran's five-day VWAP ended Wednesday 14 September 2022 of \$0.257 per share.

Credit Suisse (USA) LLC acted as sole placement agent in respect of the \$98 million Placement of shares in the United States only. Canaccord Genuity (Australia) Limited and Shaw and Partners Limited acted as Joint Lead Managers in respect of the \$40 million Placement of shares in outside the United States.

The transaction will be structured as a two-tranche placement:

- **Unconditional Placement ("First Tranche"):** The First Tranche of \$39.2 million is not subject to shareholder approval and is within the Company's 25% placement capacity under ASX Listing Rules 7.1 and 7.1A. Following the receipt of funds, investors will receive 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 are 112,103,927 and ASX Listing Rule 7.1A are 74,735,951.
- **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 are 470,374,315.

Tamboran's Directors also intend, subject to shareholder approval, to subscribe for new shares in the Placement on the same terms as other investors to raise \$3.3 million under the Placement.

The Company will also offer an SPP to raise approximately \$3.0 million on the same terms as the institutional placement, with the ability to take oversubscriptions capped at \$5.0 million. The SPP will open on Friday, 23 September 2022 and close on Friday, 7 October 2022, unless extended for existing retail shareholders who are eligible with registered addresses in Australia, New Zealand, Singapore and the United Kingdom as of the record date at 7:00pm on Monday, 19 September 2022.

Eligible shareholders will be offered the opportunity under the SPP to apply for up to \$30,000 worth of new shares (subject to scale back at the Company's absolute discretion). The new shares issued under the SPP will rank equally with Tamboran's existing shares. The terms and conditions of the SPP will be set out in a SPP Offer Booklet that will be released on ASX and provided to eligible shareholders in accordance with the timetable.

Tamboran will also grant a 2.3% overriding royalty interest (ORRI) covering Tamboran's EP 136 (100%), EP 161 (25%) and the Origin Assets (38.75%) to Sheffield for a cash consideration of \$22 million.

The funds raised will be used to complete the acquisition of Origin's Beetaloo Assets and provide capital for drilling the M1V well in 100% owned and operated EP 136 and the Amungee 2H (A2H) and 3H (A3H) wells in the acquired EP 98.

Sources and uses of funds (\$ millions)¹	
Sources	\$ million
Cash and equivalents, including grants ^{2,3}	16
Sheffield investment in 50% of the JV	30
Sheffield payment for grant of ORRI	22
Equity raised via US Private Placement	98
New capital raised via Australian Institutional Offer	40
Total sources	206
Uses	\$ million
Origin acquisition payment	60
EP 98 drilling and payments	80
EP 136 drilling	19
G&A and corporate costs	11
Fees	5
Cash retained for working capital and additional drilling programs	31
Total uses	206

¹ Excludes any proceeds from the SPP.

² Cash position of \$8.3 million as at 31 August 2022.

³ Refer to ASX announcement on 07 March 2022: "Tamboran awarded grant of up to \$7.5 million under the BCDP".

Indicative timetable

Event	Date / time (Sydney time)
Record date for eligible shareholders to participate in the SPP	7:00pm on Monday, 19 September 2022
Announcement of results of Placement and SPP and ASX Investor Presentation released	Tuesday, 20 September 2022
Settlement of Tranche 1 Placement Shares	Friday, 23 September 2022
SPP Offer opens and SPP Offer Booklet dispatched to shareholders	9:00am on Friday, 23 September 2022
Allotment and issue of Tranche 1 Placement Shares	Monday, 26 September 2022
SPP Offer closes	5:00pm on Friday, 7 October 2022 unless extended
Announcement of results of SPP (including any scale back policy if applicable).	Monday, 10 October 2022
Allotment and issue of SPP Shares under the SPP	Wednesday, 12 October 2022
Dispatch of holding statements and normal trading of New Shares issued under the SPP	Thursday, 13 October 2022
Shareholder meeting to approve issue of Tranche 2 Shares	Tuesday, 25 October 2022
Settlement of Tranche 2 Placement Shares	Thursday, 27 October 2022
Allotment and issue of Tranche 2 Placement Shares	Friday, 28 October 2022

These dates are indicative only and are subject to change. Tamboran reserves the right, subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, to amend this indicative timetable. In particular, Tamboran reserves the right to extend the closing date of the SPP, accept late applications under the SPP Offer (either generally or in particular cases), and to vary the Placement or SPP Offer without prior notice. Any extension of the closing date will have a consequential effect on the date for the allotment and issue of new shares.

Forward work program targeting additional net 2C contingent gas resources

Amungee 2H and 3H

The A2H well is planned to spud in October 2022 from the existing Amungee NW 1H (ANW 1H) well pad with the procured Silver City Rig No. 40. Tamboran will finalise the well design over the remainder of September 2022, implementing learnings from the recently drilled Tanumbirini 2H and 3H wells in EP 161. The A3H well will immediately follow the A2H well, and it is Tamboran's plan to drill A3H from the same well pad, subject to joint venture and regulatory approvals.

Both wells will be fracture stimulated with up to 20 stages over a 1,000-metre horizontal section, with flow rates expected in early calendar year 2023, subject to weather conditions.

Maverick 1V

The M1 well in Tamboran's 100% owned and operated EP 136 permit spudded on 17 September 2022 with the Ensign Rig 970. The vertical section of the well will be drilled and then suspended, as the Company assesses the optimal appraisal and development strategy of its expanded portfolio following the acquisition of Origin's Beetaloo assets. This will allow Tamboran to prioritise capital allocation to accelerate commercialisation of the proposed Amungee Pilot Development, which is supported by the recently signed 10-year GSA with Origin. It will also provide the Company the opportunity to collect additional data to optimise the horizontal section for potential future drilling of a 3,000-metre lateral well.

Potential Resources Maturation

As presented by a NSAI maturation study (dated 14 September 2022), the successful drilling and flow testing of four Amungee wells in 2022 and 2023 has potential to result in Tamboran booking net 2C contingent gas resources of ~2.9 TCF within the Company's Beetaloo Basin acreage by the end of calendar year 2023. This resource, which includes approximately 1.2 TCF of net 2C contingent gas resources around the Amungee area, could potentially result in Tamboran sanctioning the proposed ~100 TJ per day Amungee Pilot Development following the completion of the 2023 drilling program. If the pilot development is sanctioned, Tamboran expects to book up to ~0.7 TCF of 2P gas reserves, supported by the binding GSA with Origin.

Advisors

Tamboran's financial advisors are Credit Suisse and Miro Capital, and its legal advisors are Allens, Akin Gump Strauss Hauer & Feld LLP and Squire Patton Boggs. The Joint Lead Managers on the offering to investors outside the United States are Canaccord Genuity and Shaw and Partners.

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

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About Tamboran Resources Limited

Tamboran Resources Limited is 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 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.

The information contained in this announcement does not take into account the investment objectives, financial situation or particular needs of any recipient and is not financial product advice. Before making an investment decision, recipients of this announcement should consider their own needs and situation and, if necessary, seek independent professional advice. To the maximum extent permitted by law, Tamboran and its officers, employees, agents and advisers give no warranty, representation or guarantee as to the accuracy, completeness or reliability of the information contained in this presentation. Further, none of Tamboran nor its officers, employees, agents or advisers accept, to the extent permitted by law, responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this announcement.

This announcement should be read in conjunction with the Tamboran presentation released to the ASX on Tuesday 20 September 2022, which includes disclaimers surrounding key risks and resource disclosures.

Resources disclosure

The estimates of contingent and prospective gas resources in the permits contained in the announcement were prepared by Netherland, Sewell & Associates Inc., qualified resource evaluators. The resource assessment was independently carried out by John G. Hattner, Senior Vice President, and Joseph M. Wolfe, Vice President of Netherland, Sewell & Associates Inc., in accordance with the 2018 Petroleum Resource Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). Mr. Hattner and Mr. Wolfe meet the requirements of Qualified Petroleum Reserve and Resource Evaluator as defined in Chapter 19 of the ASX Listing Rules. Mr. Hattner is a Licensed Professional Geophysicist in the State of Texas, USA and Mr. Wolfe is a Licensed Professional Engineer in the State of Texas, USA. Mr. Hattner and Mr. Wolfe have consented to the use of the resource estimates figures in the form and context in which they appear in this release. Mr. Hattner has over 42 years of relevant experience. His qualifications include an MBA from Saint Mary's College of California, Master of Science in Geological Oceanography, Florida State University, and a Bachelor of Science in Geology from University of Miami. Mr. Wolfe has over 14 years of relevant experience. His qualifications include a Master of Petroleum Engineering from Texas A&M University and a Bachelor of Science in Mathematics from Northwestern State University.

The estimates of contingent gas resources provided in this announcement were estimated using a combination of deterministic and probabilistic methods as of 31 August 2022. The prospective gas resources provided in this announcement were estimated using a combination of deterministic and probabilistic methods and are dependent on an unconventional gas discovery being made and were prepared as of 31 August 2022. As recommended in the 2018 Petroleum Resources Management System approved by the Society of Petroleum Engineers, the contingent resources and prospective resources have been aggregated by category beyond the field level by arithmetic summation; therefore, these totals do not include the portfolio effect that might result from statistical aggregation.

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially movable hydrocarbons

Numbers in this report have been rounded. As a result, some figures may differ insignificantly due to rounding and totals reported may differ insignificantly from arithmetic addition of the rounded numbers.