

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

Second quarter activities report for period ended 31 December 2022

Highlights

- During the quarter, Tamboran and Daly Waters Energy LP (DWE) completed the \$60 million acquisition of Beetaloo Basin assets EP 76, 98 and 117. The acquisition positions Tamboran as the largest operator and acreage holder in the Basin, with ~1.9 million net prospective acres.
- Tamboran completed drilling the Maverick 1V (M1V) well in 100 per cent owned and operated EP 136, reaching a total depth (TD) of 3,050 metres. The vertical well reached TD in 18.3 days, a 54 per cent reduction in drill time compared to other nearby vertical wells of similar depth, and encountered strong gas shows within the Mid-Velkerri “A”, “B” and “C” shales.
- In November 2022, Tamboran commenced drilling the Amungee 2H (A2H) well within 38.75 per cent owned and operated EP 98. The well reached a TD of 3,883 metres in 38 days, including a 1,275-metre horizontal section, in December 2022, representing the fastest well drilled to a TD in excess of 3,500 metres.
- Tamboran plans to commence a stimulation program of the A2H well during the first quarter of calendar year 2023, subject to weather allowing for the mobilisation of equipment.
- In December 2022, Santos, the operator of EP 161 (Tamboran 25 per cent), suspended operations at the Tanumbirini 2H (T2H) and 3H (T3H) wells. Following tubing installation in July 2022, the wells reached 90-day production rates (IP90) of 1.6 and 2.1 million standard cubic feet per day (mmscfd) respectively (normalised at 2.4 and 3.5 mmscfd over 1,000-metre horizontal sections).
- Tamboran released its 2022 Sustainability Plan, outlining the Company’s vision for playing a part in the global energy transition to a low carbon economy.
- At 31 December 2022, the Company had a cash balance of \$60.9 million, with no debt.

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

“The second quarter of financial year 2023 has been a busy period for Tamboran, including the completion of the acquisition of Origin Energy’s Beetaloo Basin assets in just 50 days and drilling the M1V well in EP 136 and A2H in EP 98.

“The vertical section of the 100 per cent owned and operated M1V well was drilled in 18.3 days, a significant reduction in drilling time compared to nearby offset wells with depths exceeding 2,500 metres. This was

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made possible by the Tamboran team's unconventional expertise, having drilled thousands of wells in North American shale basins, and supports our aims for long term cost reductions in Beetaloo drilling.

"Following the completion of the acquisition of Beetaloo Basin permits EP 76, 98 and 117, the team commenced drilling the A2H well, our first operated horizontal well in the Basin. The well was drilled and cased to a TD of 3,883 metres, which included a 1,275-metre horizontal section within the Mid-Velkerri 'B Shale' formation. Importantly, the A2H well was drilled and cased with 5-½ inch casing, the optimal casing size to place high intensity stimulation stages.

"The stimulation program at the A2H well is planned to commence in the first quarter of calendar year 2023 and will include up to 24 stimulated stages within the 1,200-metre horizontal section in the Mid-Velkerri 'B Shale'. We look forward to sharing the flow results during the first half of calendar year 2023."

EP 76, 98 and 117

Tamboran 38.75 per cent working interest and operator, subject to completion of Falcon Farm-in

During the quarter, Tamboran safely drilled and cased the A2H well in 38.75 per cent owned and operated EP 98. The well reached a TD of 3,883 metres in 38 days (spud to TD). This included a 1,275-metre horizontal section within the target formation of the Mid-Velkerri "B Shale". The A2H well intersected the formation at 2,413 metres (vertical depth) and encountered significant gas shows within the formation, in line with pre-drill expectations.

The A2H well is the first well in the Beetaloo Basin, targeting the Mid-Velkerri "B Shale" to have been drilled and cased with 5-½ inch casing, the optimal casing size to place a high intensity stimulation and on par with modern US unconventional drilling designs. The larger casing diameter is expected to deliver sand and fluid at an increased rate to the perforations during the stimulation. This is a proven concept that has been known to deliver significantly higher production rates and Estimated Ultimate Recovery (EUR) than smaller casing diameter wells. The Silver City Drilling Rig No. 40 has since been rigged down and released from site.

In early 2023, Tamboran contracted Condor Energy Services (Condor) to undertake the stimulation program for the A2H well. Under the contract, Condor will provide stimulation and coiled tubing services to complete up to 24 stimulation stages within the Mid-Velkerri "B Shale", expected to commence during the first quarter of calendar year 2023, subject to weather conditions.

The joint venture continues to review the extensive data acquired in the purchase of the Beetaloo Basin assets to finalise the location of the second well under the Falcon farm-in obligation.

Approximately \$21.3 million was spent by Tamboran during the quarter on the EP 76, 98 and 117 drilling operations, \$13.0 million of which was drilling expenses reimbursed to the prior owner in accordance with the sales agreement. The remaining \$8.3 million consisted of drilling expenses incurred by Tamboran for the operations in EP 98 following completion of the transaction.



EP 136, EP 143 and EP(A) 197

Tamboran 100 per cent working interest and operator

During the second quarter, the M1V well reached a TD of 3,050 metres in 18.3 days, a record drilling time for a well deeper than 2,500 metres. The well intersected the Mid-Velkerri “A”, “B” and “C Shales” exhibiting strong gas shows, consistent with nearby wells. A full suite of logs were run across the three shale formations, showing downhole consistency with the nearby Tanumbirini and Velkerri 76 S2-1 wells.

Following the completion of logging, the M1V well was successfully cased and suspended to enable potential future re-entry and side track for multi-stage stimulation work. The Ensign 970 was rigged down and released in mid-December 2022.

During the quarter, Tamboran spent approximately \$18.0 million on the 2022 Beetaloo drilling campaign, which included civil works and drilling of the M1V well. This was offset by \$3.8 million of funds received through the Beetaloo Cooperative Drilling Program in October.

EP 161

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

During the second quarter, Santos completed IP90 testing of the T2H and T3H wells following the installation of production tubing in July 2022. Operations were subsequently suspended following the completion of the on-site activities.

The T3H well delivered an average IP90 flow rate of 2.1 mmscfd over a 600-metre completed horizontal section (normalised at 3.5 mmscfd over 1,000-metres). The T2H well delivered an average IP90 flow rate of 1.6 mmscfd over a 660-metre completed horizontal section (normalised at 2.4 mmscfd over 1,000-metres). The lower production rate from T2H is due to the well having been on production for the majority of 2022, compared to the T3H well, which was shut-in in February 2022 for pressure build-up testing.

No work is planned within the EP 161 permit during calendar year 2023 as the operator works to finalise the Land Access and Compensation Agreement (LACA) with the pastoral leaseholder.

During the quarter, approximately \$1.0 million was spent by Tamboran on its share of the EP 161 joint venture drilling campaign.

Commercial and Corporate

Completion of the acquisition of EPs 76, 98, 117 in the Beetaloo Basin

During the quarter, Tamboran completed the acquisition of Beetaloo Basin assets EP 76, 98 and 117 in a 50:50 JV with DWE (the JV), a wholly owned subsidiary of Sheffield Holdings LP (Sheffield). Sheffield and Tamboran each hold 38.75% with existing partner, Falcon Oil & Gas Australia Limited (Falcon), holding the remaining 22.5% in the three permits.



The acquisition positions Tamboran as the largest acreage owner in the Beetaloo Basin, with approximately 1.9 million net prospective acres and approximately 147 TCF of 2U net prospective gas resources^{1,2} and increases Tamboran's net 2C contingent gas resources to ~1.5 TCF².

Shareholder approval of Tranche 2 allotment

In October 2022, Tamboran shareholders approved the second allotment of shares under the \$138 million (pre-cost) equity placement at \$0.21 per share. The second allotment resulted in the issue of 481,881,355 new ordinary shares.

The \$138 million equity raise, which was announced on 20 September 2022, included a \$98 million Private Placement to strategic partners and US cornerstone investors, including equity investments of \$30 million by Sheffield, \$22 million by Helmrich & 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.

Related Party Payments

Payments of \$1.2 million 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.

Investments

Investments of \$30.4 million were made into Tamboran B2 Pty Ltd, held as a 50/50 Joint Venture between Tamboran and Sheffield, as disclosed in item 2.1(e) of the accompanying Appendix 5B. The amount includes costs associated with the acquisition of Beetaloo Basin assets and stamp duty.

¹The 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.

²2C net contingent gas resources and 2U net prospective resources were assessed and verified by Netherland, Sewell & Associates, Inc. (NSAI) in the report dated 26 August 2022



Capital Structure

At the end of the quarter, Tamboran had total cash on hand of \$60.9 million and no debt. The current capital structure is as follows:

- 1,416,010,751** Fully paid Ordinary shares
- 18,151,251** Options fully vested (unlisted)
- 41,250,000** Options unvested and subject to milestones (unlisted)

Changes to the capital structure from the previous quarter include the issue of:

- 481,881,355 shares following the completion of Tranche 2 of the \$138 million equity placement and \$3.4 million share purchase plan; and
- 2,850,000 unvested options, subject to milestones.

Use of Funds

A comparison of the Company's actual expenditure since admission to the Official List of the ASX on 2 July 2021 to 31 December 2022 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.

Since the release of the prospectus, **Tamboran has spent a total of \$98.4 million** on the following:

- **\$75.2 million on exploration and evaluation expenditure** (*\$56.5 million outlined in the prospectus*), including drilling operations at Tanumbirini 2H/3H and Maverick 1V (civils and shared costs for future wells).
- **\$16.9 million on G&A and working capital** (*\$8.2 million outlined in the prospectus*), excluding post-IPO legal costs, advisors and fees related to capital market activities, and administrative costs subsequent to the acquisition of the Beetaloo Basin assets.
- **\$4.8 million relating to the IPO** (*\$4.6 million outlined in the prospectus*).
- **\$1.5 million for royalty reduction payment and leasehold improvements** (*\$1.5 million outlined in the prospectus*).

There was no production or development expenditure during the quarter.



Planned Activities for March 2023 Quarter

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

- Stimulation of the A2H well in EP 98 with up to 24 stages.
- Finalise location of the final well required under the Falcon farm-in obligations.

Permits

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

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 Stage 3 of the Falcon Oil & Gas Farm-in Agreement.

ASX Announcements

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

07	October 2022	EP 136 Operational Update
12	October 2022	Update on the Acquisition of Origin's Beetaloo Assets
18	October 2022	Tamboran Completes Successful Share Purchase Plan
31	October 2022	Tamboran Completes Successful A\$137 million Equity Raise
09	November 2022	Completion of Acquisition of Beetaloo Assets from Origin
10	November 2022	EP 98 Update - Amungee 2H Development Well Spudded
18	November 2022	Tamboran Resources Limited 2022 AGM Presentation
30	November 2022	Tamboran Resources releases Sustainability Plan
23	December 2022	EP 98 Operational Update



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 and operator 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% non-operated working interest in EP 161, a 100% working interest and operatorship in EP 136, EP 143 and EP(A) 197 and 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 EP 98 Pilot Development, 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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Figure 1: Tamboran's Beetaloo Basin asset location map.

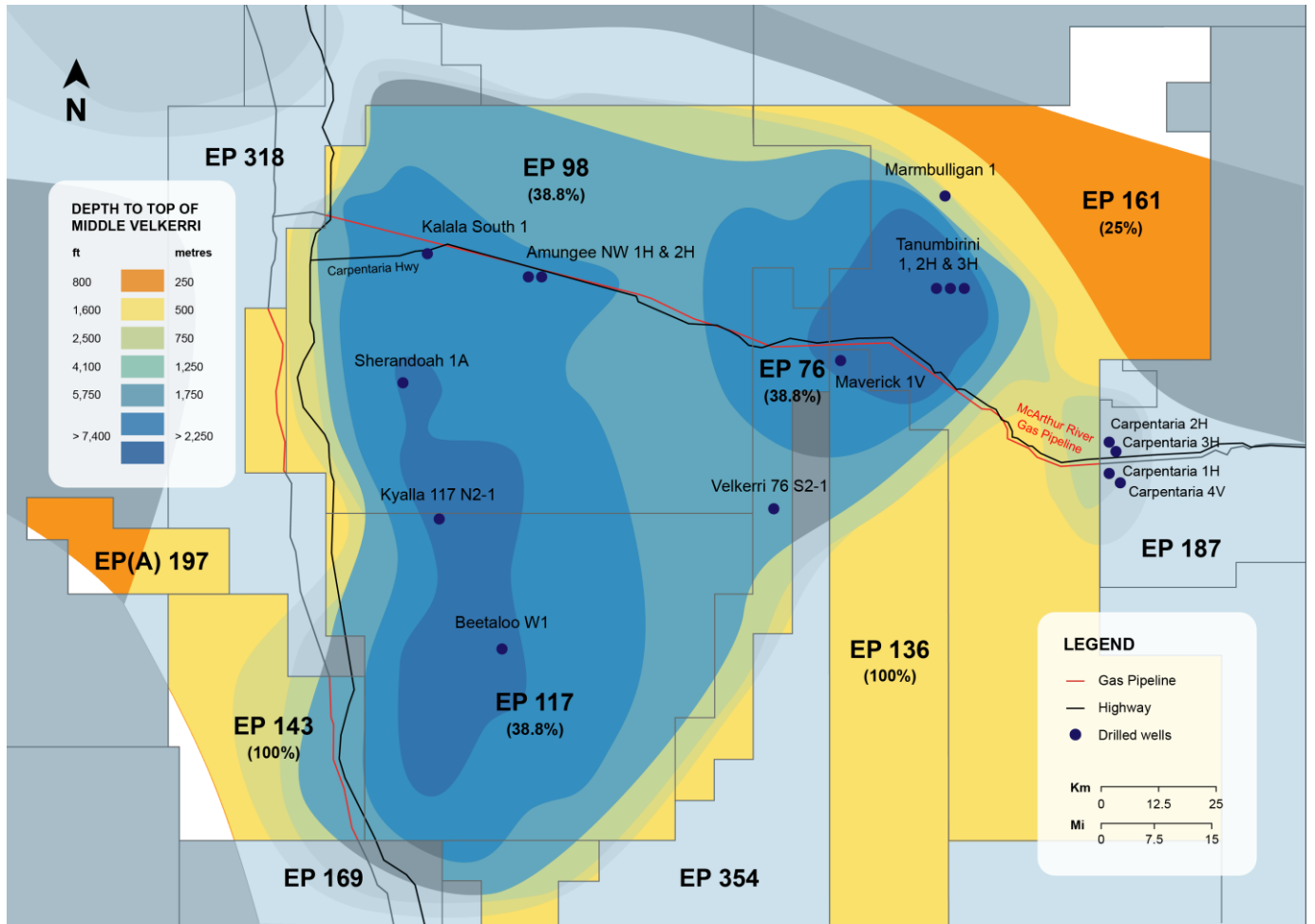




Figure 2: Drilling of Amungee 2H well on the Amungee well pad in EP 98.





Table 1: Disclosures under ASX Listing Rule 5.30 (T2H)

- a) Tanumbirini 2 horizontal well.
- b) EP 161 of Beetaloo Sub-basin, Northern Territory.
- c) Tamboran hold 25% interest in EP 161 and T2H. Santos holds the remaining 75% operating interest.
- d) Not applicable—this is not a conventional reservoir.
- e) Organic-rich shale.
- f) Average depth of horizontal 3,445 mTVD.
- g) 90-day initial gas flow test. Gas flared.
- h) Gas.
- i) Fracture stimulation fluid is being recovered during testing. The well was producing less than 9 bwpd prior to shut-in.
- j) 24/64-inch choke size, delivering at an average rate of 1.6 mmscfd over a 90-day period with an average flowing tubing head pressure of 501 psi.
- k) 11 stage fracture stimulation at 60-metre interval spacing within the Mid-Velkerri “B Shale”.
- l) CO₂ levels 3 – 4 per cent.
- m) Testing will continue over the coming months, subject to further test results.



Table 2: Disclosure under ASX Listing Rule 5.30 (T3H)

- a) Tanumbirini 3 horizontal well.
- b) EP 161 of Beetaloo Sub-basin, Northern Territory.
- c) Tamboran hold 25% interest in EP 161 and T3H. Santos holds the remaining 75% operating interest.
- d) Not applicable—this is not a conventional reservoir.
- e) Organic-rich shale.
- f) Average depth of horizontal 3,442 mTVD.
- g) 90-day initial gas flow test. Gas flared.
- h) Gas.
- i) Fracture stimulation fluid is being recovered during testing. The well was producing less than 9 bwpd prior to shut-in.
- j) 24/64-inch choke size, delivering at an average rate of 2.1 mmscfd over a 90-day period with an average flowing tubing head pressure of 591 psi.
- k) 10 stage fracture stimulation at 60-metre interval spacing within the Mid-Velkerri “B Shale”.
- l) CO₂ levels 3 – 4 per cent.
- m) Testing will continue over the coming months, subject to further test results.