

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

Third quarter activities report for period ended 31 March 2023

Highlights

- Tamboran successfully completed the 25-stage stimulation program over a 1,020-metre horizontal section within the Mid Velkerri “B Shale” of the Amungee 2H (A2H) well, located within the 38.75 per cent owned and operated EP 98 permit.
- In mid-April 2023, the A2H well was shut-in and production tubing was successfully installed within the well bore. The installed tubing is expected to deliver optimal flow rates during the extended production testing.
- Tamboran plans to release 30-day initial production (IP30) flow rates during Q2 2023.
- The Helmerich & Payne (H&P) super spec FlexRig® Flex 3 rig arrived in Australia during April 2023. The rig is currently in customs and is expected to arrive in the Beetaloo Basin in mid-2023 to commence the upcoming drill program.
- During the quarter, Tamboran announced the election of the Hon. Andrew Robb AO and Mr John Bell Sr. to its Board of Directors, effective from 16 April 2023. These appointments coincided with the resignations of Mr Daniel Chandra and Ms Ann Diamant.
- At 31 March 2023, the Company had a cash balance of \$29.1 million, with no debt. Additional cash is expected from sale of US rig assets, which are under auction in May 2023.

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

“Tamboran progressed towards the extended production testing of the A2H well in EP 98, successfully completing 25 stimulation stages across 1,020 metres of Mid Velkerri ‘B Shale’. We look forward to sharing the IP30 flow rates with the market during the second quarter of 2023.

“Following the release of the A2H extended production test, we plan to update the market on our 2023 drilling program and multi-year plan to unlock the Beetaloo Basin, subject to joint venture approval. The upcoming 2023 well program, which will be drilled with the H&P FlexRig®, will target material resource growth and deliverability of the Mid Velkerri ‘B Shale’ formation within the Beetaloo Basin. This is expected to support a sanctioning decision of the proposed Pilot Development.

“Tamboran remains committed to delivering an environmentally responsible and community focused development of the Beetaloo, which will not only support Australia’s transition to Net Zero by 2050, but also deliver significant job opportunities to Territorians and royalties to the NTG and Traditional Owners.”

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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 successfully completed the stimulation program within the A2H well in exploration permit EP 98. A total of 25 stages were successfully stimulated across a 1,020-metre horizontal section within the Mid-Velkerri “B Shale”.

Approximately 2,125 pounds per foot of proppant was placed along the completed horizontal section, an increase of ~55 per cent compared to the Tanumbirini 2H (T2H) and 3H (T3H) wells in the Santos-operated EP 161 permit (Tamboran 25 per cent, non-operator).

The proppant was placed using 5-½-inch casing and based on modern US shale design. This design has leveraged the experience of the Company’s US technical team and incorporated learnings from the drilling and stimulation of the T2H and T3H wells. The modern design is expected to result in improved flow rates from the extended production test during 2023.

In March 2023, Tamboran contracted Silver City Drilling to undertake completion operations at the A2H well, including the installation of production tubing. Operations to install production tubing were completed in late-April and the well was re-opened in preparation to commence flow testing. The 30-day initial production (IP30) rates are expected to be announced to market during the second quarter of 2023.

Drilling locations for the forward program are expected to be announced following the release of the A2H well IP30 flow results, subject to joint venture approval.

Approximately \$22.5 million was spent by Tamboran during the quarter on the EP 76, 98 and 117 drilling operations.

EP 136, EP 143 and EP(A) 197

Tamboran 100 per cent working interest and operator

During the quarter, limited activity was undertaken within the EP 136 permit following the completion of the Maverick 1V well and demobilisation of the Ensign 970 rig in December 2022.

In April 2023, the Northern Territory Supreme Court (NTSC) dismissed Rallen Australia’s appeal regarding the Northern Territory Civil and Administrative Tribunal’s (NTCAT) decision to grant Tamboran a land access agreement on EP 136. The decision validates the Land Access and Compensation Agreement (LACA) approved by the NTCAT in May 2022, allowing Tamboran to conduct exploration activities in EP 136 under the corresponding Environmental Management Plans.

During the quarter, Tamboran spent approximately \$4.2 million on the 2022 Beetaloo drilling campaign, primarily related to finalising payments for work performed in the fourth quarter of 2022.



EP 161

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

During the quarter, Santos, operator of the EP 161 permit, suspended the Tanumbirini 2H and 3H wells following the completion of the flow tests in December 2022.

The joint venture plans to acquire 200 – 240 kilometres of 2D seismic during 2023, subject to finalising the Land Access and Compensation Agreement (LACA) with the pastoral leaseholder. Remediation activities are planned to take place at the Tanumbirini and Inacumba well pads, restoring the well pads to a minimum footprint.

During the quarter, approximately \$0.5 million was spent by Tamboran on its share of the EP 161 joint venture drilling campaign.

Commercial and Corporate

Arrival of Helmerich & Payne super spec FlexRig® in Australia

The H&P super spec FlexRig® was shipped from Houston, USA, in mid-March and arrived in Darwin Harbour in early April 2023. The rig is currently awaiting customs approval before being mobilised to the Beetaloo Basin for the upcoming drilling program.

Tamboran has contracted the H&P FlexRig® Flex 3 rig for an initial two-year period with the possibility to import an additional four rigs into Australia from H&P's available worldwide rig fleet when required. The rigs provide an important opportunity for the Beetaloo Basin in delivering a material reduction in drilling cost through increasing efficiencies and H&P's operational excellence.

The rigs will also play a significant role in reducing the environmental footprint within the Beetaloo Basin with the ability to drill in excess of 3,000-metre horizontal sections within the Mid Velkerri "B Shale", which allows for greater spacing between well pads.

Divestment of US drilling rigs

Tamboran continued the divestment process of the drilling rigs acquired during 2022. Tamboran has engaged Superior Energy Auctioneers to hold a special auction of the three rigs. The process is expected to take approximately 45 days, including time for bidders to conduct due diligence.

The potential sale of the rigs will provide Tamboran with additional cash to support funding of the upcoming drilling program.

Passing of the Safeguard Mechanism through Federal Parliament

In March 2023, the Federal Government passed the amendments to the Safeguard Mechanism, a key policy to support a reduction in Australia's overall Greenhouse Gas (GHG) emissions.



The final reforms are generally in line with recommendations made under the independent Scientific Inquiry into Hydraulic Fracturing of Onshore Unconventional Reservoirs in the Northern Territory (the Pepper Inquiry).

Tamboran is already targeting Net Zero Scope 1 and 2 equity emissions from the commencement of commercial production, which will likely incorporate electrification of facilities and equipment.

Beetaloo Strategic Regional Environmental and Baseline Assessment (SREBA)

In April 2023, the Northern Territory Department of Environment, Parks and Water Security finalised the SREBA studies in partnership with external research agencies such as CSIRO, University of Queensland and Charles Darwin University, and environmental consultants.

The SREBA was a key recommendation of the Scientific Inquiry into Hydraulic Fracturing in the Northern Territory and is a step towards safely and sustainability developing the Beetaloo Basin.

Importantly, the report states that the “studies did not reveal new risks associated with onshore gas development additional to those that were extensively examined by the Inquiry and the Beetaloo GBA Program”.

Related Party Payments

Payments of \$0.413 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.

Capital Structure

At the end of the quarter, Tamboran had total cash on hand of \$29.1 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)



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 March 2023 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 \$106.4 million** on the following:

- **\$79.9 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). The expenditure stated is exclusive of any spend to date on exploration permits EP 76, 98 and 117 assets, which were acquired post-IPO.
- **\$20.2 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 June 2023 Quarter

During the June 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:

- Flow testing of the A2H well in EP 98, with IP30 flow rates anticipated during second quarter of 2023.
- Finalise location of the final well required under the Falcon farm-in obligations.
- Complete divestment of US drilling rigs via special auction with Superior Energy Auctioneers.



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:

16 February 2023	EP 98 Operational Update
16 March 2023	Board Changes Announced
22 March 2023	EP 98 Operational Update – A2H Stimulation Complete
30 March 2023	Market Update – Safeguard Mechanism

This ASX announcement was approved and authorised for release by Mr Joel Riddle, the Managing Director and Chief Executive Officer 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 of Australia's Northern Territory. The Company is focused on playing a constructive role in the global energy transition towards a lower carbon future by developing the low reservoir CO₂ gas resource within the basin. Tamboran's key assets include a 38.75% working interest and operatorship in EPs 98, 117 and 76, a 100% working interest and operatorship in EP 136, EP 143 and EP(A) 197 and a 25% non-operated working interest in EP 161, 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.

