

Tamboran Resources Limited

Corporate Governance Statement

Tamboran Resources Limited (**Tamboran** or the **Company**) [ASX:TBN] is committed to having the highest standards of ethical behaviour and an effective system of corporate governance for the Company, commensurate with the size of the Company and the scope of its business operations.

In accordance with ASX Listing Rule 4.10.3, set out below are the applicable ASX Corporate Governance Council's eight principles of corporate governance (**ASX Governance Principles**) and outlined accordingly is how the Board has applied each principle and the recommendations set out within them for the financial year ended 30 June 2022 (FY2022).

The Company is fully supportive of the 'if not, why not' disclosure-based approach to governance adopted by the ASX Governance Principles. It also supports the recognition within the ASX Governance Principles that there is no single model of corporate governance and that good corporate governance practice is not restricted to adopting the recommendations contained in the ASX Governance Principles. Tamboran's policies and practices in FY2022 complied with the ASX Governance Principles except to the extent otherwise indicated.

Principle 1: Lay solid foundations for management and oversight

Roles & responsibilities of the Board and management

The Board operates in accordance with the Board Charter. In carrying out its responsibilities, the Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the duties and obligations imposed upon it by the Company's constitution and the law.

Among other things, the Board has specific responsibility for:

- (a) ensuring Tamboran is properly managed by overseeing the appointment and where appropriate the removal of the Managing Director, the Company Secretary and the Chief Financial Officer;
- (b) implementing and monitoring all capital budgets and annual financial budgets;
- (c) monitoring the financial performance of the Company;
- (d) approving and monitoring financial and other reporting, including the annual and half yearly financial reports and liaising with the Company auditors;
- (e) reviewing procedures and practices employed in relation to health, safety and the environment and to assess their adequacy;
- (f) monitoring continuous disclosure policy and procedures; and
- (g) conducting regular reviews of the Company's corporate governance policies particularly policies that must change as a result of the growth of the Company.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its duties and responsibilities.

The Board may establish committees to assist it in carrying out its responsibilities, consisting of such members to fulfil those responsibilities. The Board shall adopt charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters the Board may consider appropriate.

The Managing Director is responsible for managing the affairs of the Company under the delegated authority from the Board and to implement the policies and strategy set by the Board. The managing Director is responsible for delivering timely and accurate information to the Board. The role of management is to support the Managing Director. Management is required to report directly to the Managing Director, however if the matter concerns the Managing Director management is required to report to the Chairman.

Process for appointment of a new Director

Prior to the appointment of a Director to the Board, the Board will determine what pre-appointment checks are appropriate to be undertaken in the circumstances. Relevant details in respect of each Director standing for election or re-election by shareholders are contained within the explanatory notes of the Notice of Annual General Meeting.

Written agreements with Directors and senior executives

Each Director and every senior executive has signed a written agreement setting out the terms of their appointment.

Company Secretary

The Company Secretary is accountable to the Board, through the Chairman, on relevant matters relating to the proper functioning of the Board.

Diversity Policy

The Board has adopted a Diversity Policy, a copy of which is available on the Company's website. The Diversity Policy requires the Board to set measurable objectives for obtaining gender diversity. The Board has not yet set measurable objectives given the low number of employees but intends to review the diversity statistics within the Company and use those measures to formulate measurable objectives as the Company grows.

Performance assessment

The Board will, with the advice and assistance of the Nominating and Corporate Governance Committee, review and evaluate the performance of the Board, each Board committee and each individual Director against the relevant charters, corporate governance policies, and agreed goals and objectives. The Board, with assistance of the Nominating and Corporate Governance will conduct these evaluations every one to two years. The requirement for these evaluations is set out in the Board Charter, Nomination and Corporate Governance Charter. A number of reviews of the Board, Committees and each Director were undertaken in FY2021 as the Board prepared to undertake an initial public offer on the Australian Securities Exchange.

Compensation related Performance reviews for the Managing Director and senior management take place at least annually. The Remuneration Committee has accountability in its charter to oversee these reviews and report to the Board on their outcomes. Disclosures in the Remuneration Report in the Company's Annual Report are made in relation to each reporting period as to the performance evaluations that were undertaken and the process that was followed.

Principle 2: Structure the Board to be effective and add value

Appointment and renewal

The Board has formed a Nomination and Governance Committee. The charter for the Nomination and Governance Committee is available on the Company's website. Membership of the Nomination and Governance Committee is:

- Fred Barrett (Chairman, independent, non-executive director);
- Ann Diamant (independent, non-executive director); and
- Daniel Chandra (independent, non-executive director).

The Nomination and Governance Committee held one meeting during FY2022, which all members attended.

Board skills matrix and independence

The Board has been structured to ensure that it has the necessary skills and expertise, considering the circumstances of the Company, and can effectively represent stakeholder interests. The overall skills and expertise of Tamboran's Board of Directors encompasses oil and gas, executive management, geology, engineering, corporate finance, legal, investor relations, accounting, capital and public markets, commercial marketing and regulatory.

The Board as presently constituted provides an effective mixture of skills and expertise in order to achieve the Company's strategic objectives.

Independence and majority

In determining whether a director is “independent”, the Board has adopted the definition of this word in the ASX Recommendations. Consequently, a Director will be considered “independent” if that Director is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis, with the Board Charter to assist in this regard.

The Board considers that Dick Stoneburner, Fred Barrett, Daniel Chandra and Ann Diamant are independent Directors, free from any business or any other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the independent exercise of those Directors’ judgement and each is able to fulfil the role of an independent Director for the purposes of the ASX Recommendations.

David Siegel is currently considered by the Board not to be independent due to the size of his indirect holding of Tamboran Shares. Patrick Elliott is not considered to be independent as he was a substantial shareholder within the previous 12 months. It is noted that, in January 2022, Daniel Chandra resigned from the employ of Lion Point which is a substantial shareholder. Daniel Chandra has no association with Lion Point.

Biographical information and the length of service in respect of each Director is set out in the Company’s Annual Report.

The Board is comprised of seven members, one director is an executive, four directors are independent and two directors are currently considered not to be independent.

The Company considers that the composition of the Board is appropriate given the size and specialist nature of the Company’s business.

The Chairman is an independent director and facilitates the effective contribution of all directors at Board meetings. The roles of Chair and Managing Director are exercised by different individuals.

All non-executive directors have had an induction into the business of the Company prior to accepting their appointment and have received continuing information on the Company and its operations since being appointed. For new directors, the induction process included presentations by management and correspondence with existing directors. Directors are also given access to continuing education in relation to the Company extending to its business, the industry in which it operates, and other information required by them to discharge the responsibilities of their office.

Principle 3: Instill a culture of acting lawfully, ethically and responsibly

Code of Conduct

In addition to the Securities Trading Policy, the Code of Conduct, together with the Company’s other corporate governance policies, is designed to ensure that the Directors, senior executives, employees and the Company act ethically and responsibly, bearing in mind the Directors’ duties under the Corporations Act and the interest of the Company’s shareholders and stakeholders. The Code of Conduct can be found in the Corporate Governance section of the Company’s website.

Principle 4: Safeguard the integrity in corporate reports

Audit and Risk Management Committee

The Board has formed a combined Audit and Risk Management Committee. The charter for the Audit and Risk Management Committee is available on the Company’s website. Membership of the Audit and Risk Management Committee is:

- Patrick Elliott (Chairman, non independent, non-executive director);
- David Siegel (non independent, non-executive director); and
- Daniel Chandra (independent, non-executive director).

The Company considers that the commercial, accounting and finance expertise offered by these directors is valuable to the Audit and Risk Management Committee. The Company considers that, due to the size and scale of the Company's operations, non-compliance with the recommendation that the members are independent will not be detrimental to the Company. The Audit and Risk Management Committee held three meetings during FY2022, which all members attended. Details of the committee members' attendance at those meetings can be accessed in the Directors' Report within the Annual Report.

Written Declarations

Prior to approving the Company's financial statements, the Board receives from the CEO and the CFO written declarations concerning the Company's financial statements required by the Corporations Act as set out in the Directors' Declaration in the Company's Annual Report. In respect of the financial statements for each financial year, the Board also receives from the CEO and the CFO written declarations that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Attendance of auditor at AGM

The Company's external auditor will be requested to attend the AGM and make themselves available to answer questions from shareholders relevant to the audit.

Principle 5: Make timely and balanced disclosure

The Board has established a written Disclosure Policy and Shareholder Communication Policy to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability for compliance. The Disclosure Policy and Shareholder Communication Policy are available on the Company's website.

The Company ensures that its Board receives copies of all material market announcements promptly after they have been made. Where the Company gives a new and substantive investor or analyst presentation it will release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

Principle 6: Respect the rights of security holders

Tamboran aims to provide shareholders with comprehensive and timely access to Company documents and releases through the investor relations section of the Company's website: www.tamboran.com. The Company's website contains information about Tamboran, including shareholder communications, market releases and related information. Relevant media releases, financial data and the Company's charters and policies are also available on its website.

The Company has an investor relations program to facilitate effective two-way communication with investors.

The Board has adopted the Shareholder Communication Policy and provides shareholders with opportunities to have questions addressed at shareholder meetings.

The Company will ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

Tamboran continues to embrace technology in making information and participation easier and more accessible. This includes using the technology developed by our registrar to facilitate email communication as well as online voting for general meetings of the Company. In particular, all shareholders have the option to receive communications from, and send communications to, the Company and its security registry electronically.

Principle 7: Recognise and manage risk

Audit and Risk Management Committee

The Board has formed a combined Audit and Risk Management Committee. The charter for the Audit and Risk Management Committee is available on the Company's website.

A review of the risk management statement has been carried out by the Audit and Risk Management Committee during this financial year.

Internal audit

The Company does not have a formal internal audit function due to its current size. The Audit and Risk Management Committee monitors the need for an internal audit function. The Company's management periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement, these systems are developed. The Company's external auditor is consulted for advice by the Audit and Risk Management Committee. At this stage the Company's operational and financial functions are not complex, and all expenditure authorisations are undertaken in accordance with a comprehensive matrix of delegated authority.

Material exposure to risks

As an unconventional gas exploration company, Tamboran faces inherent risks in its activities, including economic, environmental and social sustainability risks which may have a material impact on the Company's ability to create value for its shareholders. The Board regularly monitors the operational and financial performance of the Company's activities. It monitors and receives advice on areas of operation and financial risks and considers strategies for appropriate risk management. All operational and financial strategies adopted are aimed at improving the value of the Company's shares. However, the Directors recognise that natural resource exploration and evaluation is inherently risky.

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

The Remuneration Committee is comprised of:

- David Siegel (Chairman, non independent, non-executive director);
- Ann Diamant (independent, non-executive director); and
- Fred Barrett (independent, non-executive director).

Ann Diamant and Fred Barrett are independent, directors, however the Chair David Siegel is not considered independent. The Company appointed David Siegel as Chair given his background, skills and experience. The charter for the Remuneration Committee is available on the Company's website. The Company discloses the number of times the Remuneration Committee met throughout the period and the individual attendances of the members at those meetings in its Annual Report.

Non-executive Director remuneration

The Board has adopted a remuneration policy for non-executive directors.

Equity-based remuneration scheme

The Company's Security Trading Policy specifically prohibits Directors and senior executives from engaging in short-term trading in the Company's securities. The Trading Policy can be accessed on the Company's website under Corporate Governance.

Approved by the Board of Tamboran Resources Limited

Dated: 28 September 2022