Tamboran Resources

Initial well results help prove commerciality of the Company's Beetaloo Basin acreage

Initial flow rates from the wells point to future commercial flow rates

Tamboran (TBN) has released information on the initial flow rates from the Tanumbirini 2H and 3H wells (TBN 25%; Santos 75%), which we believe demonstrate that a future development is likely to be commerical. This has led to a >400% increase in its net 2C resources to 153bcf (26mmboe) based on only <4% of the prospective acreage of Block EP 161. T2H had 11 fracs performed over 660m horizontal section and flowed at a 14-day stabilised rate of 1.7mmcf/d, with a peak rate of 4mmcf/d. T3H had 10 fracs over 600m and flowed at an average of 1.5mmcf/d for 10-days, with a peak rate of 10mmcf/d. When these rates are normalised to a 1,000m interval the implied flow rate is 2.5-2.6mmcf/d, which we believe should be commercial in full development mode but is slightly lower than ~3mmcf/d, which was expected. Our base case scenario assumes 4.5mmcf/d per 1,000m and we believe that this remains valid, as an equivalent North American shale well would have seen much higher intensity fracs and there likely would have been double the number in the same horizontal interval. To date the net cost of the wells has been A$13.4mm to TBN and the plan is to continue testing to provide more data.

Maverick will benefit from Tanumbirini data and TBN's core shale expertise

Santos drilled these wells without any significant issues and was able to get the fracs to perform, which is positive for an less experienced shale operator in a frontier basin but we believe has meant there was some conservatism in the drilling and completion techniques. It is important to note that these wells were Santos' first horizontal shale wells and were drilled for the purpose of learning more and derisking the play at a reasonable cost, rather than being optimised for maximium production. TBN (building on its team's experience in drilling >5,000 North American unconventional wells) is likely to both use up to 50% more intensive fracs and much tighter spacing for its upcoming Maverick well, which we continue to expect to deliver the equivalent of at least 4.5mmcf/d per 1,000m, which is significantly higher than the commercial threshold. Also the data from this well was passed to TBN's external subsurface consultants in North America and validated TBN's model for the basin and productivity showing the potential to flow at 5mmcf/d per 1,000m lateral. The Maverick well on EP136 (100% TBN) is planned for mid-2022. The Block contains unrisked prospective resource of ~19tcf.

Australian gas deals and global LNG pricing are positive for Tamboran

In 2021 there were several Australian gas deals announced, which demonstrates the considerable interest from infrastructure companies and gas buyers of gaining access to material gas resources or infrastructure in Australia. Australian listed Senex was sold for A$852mm (US$630mm), which implies an EV/2P reserves value of ~A$1.3/mcfe. Origin Energy announced the sale of 10% in its APLNG project for A$2.1bn (US$1.6bn) to EIG Partners and Woodside sold down 49% of its Pluto LNG Train 2 development to Global Infrastructure Partners. We see global gas and LNG supply stuttering on a lack of investment caused by the last 5 plus years of underinvestment by the industry. The impact of this has been seen in 2021 with gas prices reaching record levels (e.g. European gas prices and Asian LNG trading at >US$30/mcf for an extended period).

Valuation: our risked NAV implies ~180% upside to our NAV

We continue to believe in our assumptions and risking, hence we see the share price decline as overdone and leave our risked NAV unchanged at A$0.84/sh based on our long-term Brent forecast of US$70/bbl (implied L.T. Asian LNG price of US$12.6/mcf at 13% of Brent). On an unrisked basis we have a NAV of A$2.20/sh or 5x upside for the development of 3.5tcf net to TBN. At our NPV10 of ~A$0.5/mcf, TBN shares are pricing in a development of <0.4tcf out of the 31tcf of prospective unrisked net gas resource. TBN's latest reported cash position was A$68.2mm at the end of Q4'21, which means it has sufficient funding for its Maverick drilling programme this year.

GICS Sector	**Energy**
Ticker	ASX:TBN
Market cap 1-Feb-22 (US$mm)	160
Share price 1-Feb-22 (AUD $)	0.30

NAV summary (AUD c/sh)

Asset	Unrisked	Risked
Cash & other	10	10
EP 136	169	51
EP 161	42	23
Total NAV	**220**	**84**

Source: H&P estimates

31tcf

Tamboran's unrisked net prospective gas resource.

Net zero CO_2

Tamboran has committed to produce natural gas with zero Scope 1 and 2 emissions.

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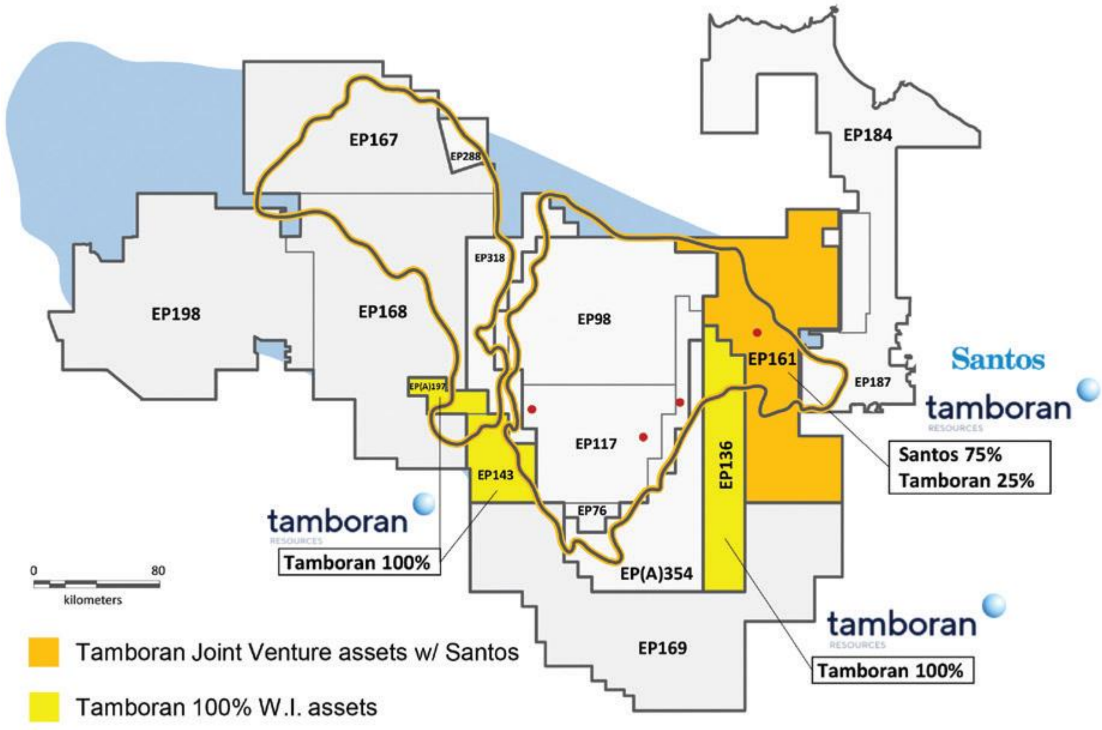
Tamboran's Assets



Source: Tamboran

Tamboran's original block is EP 161, operated by Santos and which has seen the most exploration activity to date. The contiguous nature of EP 161 / EP 136 provides an opportunity to collaborate with Santos by potentially sharing rigs/equipment/drilling learning curves to reduce costs and accelerate first development from the "Core Beetaloo".

Investment proposition – Tamboran offers exposure into the positive pricing dynamics of Australia's gas market. In turn, through Australia's LNG export capacity (largest globally), it offers exposure into global and especially Asian LNG markets, where prices are currently well above the expected full cycle break-even from the Beetaloo. Tamboran's exploration assets have huge gas potential (~31tcf of net recoverable prospective resources or >5bnboe) in one of the most promising shale gas basins globally, with the characteristics to match the best shale gas wells in the US. Given that this is a resource play with several wells drilled into it, there is very low risk in terms of there being large quantities of gas, but it is more a question of the economics and commerciality of producing it. The Beetaloo's properties and wells to date suggest excellent quality rock, allowing highly economic flow rates and recoveries *per* well with Tamboran's acreage located in the core of the basin. Crucially, Tamboran has lined up multiple commercialisation pathways for the gas, which is key to value creation. It is partnered with Santos, a major global LNG player with its own operated LNG facilities within range of the basin and has signed an MOU with infrastructure company Jemena Ltd to bring the gas to market. Tamboran's team has deep technical knowledge of US shale plays and a track record of early-stage E&P success. Tamboran could produce some of the lowest cost gas in Australia and monetise it at premium pricing into Asia, as net zero emission LNG.

EP 161

EP 161 has a total area of approximately 10,500km^2 with an estimated prospective area of 2,200km^2. Tamboran was granted the exploration permit 100% in 2012, when it entered into a farm-in agreement and a joint operating agreement with

Santos with the right to earn up to a 75% interest in the permit, subject to the following conditions:

- Santos spending A$41mm on exploration as its farm-in commitment for a 50% interest; and
- Santos spending a further A$3mm to complete the work programme (including drilling and testing of two wells) before the expiry of the term on 21 May 2018 for a further 25% interest.

Santos satisfied both these conditions and currently has a 75% interest with Tamboran owning the remaining 25% non-operating interest. EP 161 is currently in the exploration and appraisal phase.

The EP 161 JV originally drilled the Tanumbirini-1 vertical well in June 2014, positioned in the basin centre, to a depth of 3,946m. It intersected the Middle Velkerri shale at 3,205m with a thickness of 433m with three zones A, B and C, which had limited faulting and superior reservoir qualities. The well was not tested until 2020, after it was fraced with four stages in Q4'19. This program was the first hydraulic fracing operation performed in the Northern Territory under the new unconventional energy rules and regulations. The Velkerri-B was the most productive at 2-3x more than the A and C zones. The B was ~120m thick with 30-40% of the interval containing high porosity (12%) and high permeability (10-20mD) rock, which is almost close to conventional quality.

Tanumbirini-1 vertical well stimulation

Fracture Treatment Stage	Target	Depth Stimulated (m)	Fluid Volume (Barrels)	Sand Placed (Ton)
1	Middle Velkerri A shale	3,585-3,591	17,554	37
2	Middle Velkerri A-B Interburden shale	3,504-3,507	10,359	150
3	Middle Velkerri B shale	3,448-3,451	10,029	158
4	Middle Velkerri C shale	3,250-3,253	9,419	151

Source: Tamboran

During Q1'20, a 130-day flow test showed a maximum flow rate of 1.6mmcf/d and settled at 0.4mcf/d with minimal decline. The flow test was ended prematurely due to the shelter-in-place orders because of COVID-19. Once the well was reopened in Q4'20 and initially flowed 10mmcf/d and achieved an average flow rate of 2.3mmcf/d during the first 90-hours of testing and 0.6mmcf/d over a 20-day period. 80% of the gas produced was estimated to be coming from the B-zone, in particular the 40m sweetspot. The natural gas contained ~3% CO_2. A "Declaration of Discovery" was accepted by Northern Territory Government in April 2020. Of note, the Amungee NW-1 well only had half the thickness of M Velkerri 'B' compared to Tanumbirini 1.

The data compiled to date from Tamboran's Tanumbirini #1 well and vertical frac indicates that horizontal wells in the Beetaloo Basin's Middle Velkerri Shale Formation have potential to be on par or better than wells in the core Marcellus Shale, currently the most prolific unconventional gas shale play in North America.

Appraisal campaign

The EP 161 JV originally intended to drill four exploratory wells on EP 161 during 2021 and 2022 for phase 1 and 2. However due to a Land Access and Compensation Agreement, other than activity surrounding T2H and T3H, no other activity can be undertaken on the block until 2023, which means that the Inacumba #1H and #2H horizontal wells will no longer be drilled as planned in 2022.

The Tanumbirini 2H and 3H wells were drilled in 2021 to appraise the Mid-Velkerri 'B' shale in EP 161 and also provide critical data for Tamboran's EP 136 operated permit. Santos and Tamboran spud the T2H well on 11 May 2021. T2H reached TD at 4,598 metres depth in mid-August and was followed by the drilling of T3H to a similar TD, prior to fracture stimulating both wells. The forward work plan and commitments for EP 161 are set out as follows:

Period	Work Program	Commitment
2021/2 – phase 1	Drill Tanumbirini #2H and #3H horizontal wells, followed by flow tests on each well	Estimated costs to Tamboran's 25% interest total A$16.8mm
2023 – phase 2 (TBC)	Drill Inacumba #1H and #2H horizontal wells, followed by flow tests on each well	Estimated costs to Tamboran's 25% interest total A$25.1mm

Source: Tamboran, H&P estimates

Resource potential

Following the vertical well 116bcf of gross contingent resource was booked in the B and C reservoirs. In total there is an estimated 49tcf of prospective resource on the block of which over half resides in the Velkerri B.

After the most recent horizontal wells unrisked 2C contingent resources are estimated to have increased by 428% to 153bcf net to Tamboran (610bcf gross), including 128bcf (net to Tamboran) within the Mid-Velkerri "B" shale.

Gross unrisked prospective resource on EP 161

		Gas Resources (BCF)			Condensate Resources (MMBBL)		
Area	**Reservoir**	**Low Estimate (1U)**	**Best Estimate (2U)**	**High Estimate (3U)**	**Low Estimate (1U)**	**Best Estimate (2U)**	**High Estimate (3U)**
Main	Lower Kyalla	345	867	2,697	5	18	86
Main	Velkerri C	7,372	12,842	25,648	15	80	302
Main	Velkerri B	13,041	21,739	41,692	13	110	427
Main	Velkerri A	3,190	6,138	12,776	3	31	130
East	Velkerri C	667	1,127	2,171	10	24	69
East	Velkerri B	2,684	4,363	8,163	3	22	83
East	Velkerri A	1,126	2,172	4,815	1	11	49
Total		**28,425**	**49,248**	**97,962**	**50**	**296**	**1,146**

Source: Tamboran

EP 136

The EP 136 licence is 4,230 km² and lies adjacent to EP 161 in the core of the Beetaloo Sub-basin and is, based on seismic data and interpretation, on comparable interpreted geology as EP 161's successful Tanumbirini #1 discovery well. Tamboran believes the northern portion of EP 136 is within the Kyalla and Velkerri gas window. The block contains an estimated 19tcf of unrisked prospective resource. Importantly, as operator of the licence with 100% stake, Tamboran can drive and dictate the exploration and development. Tamboran has a three year program that anticipates completion of an extensive 2D seismic survey and the drilling and evaluation of up to nine wells.

The estimates of Tamboran's gross prospective gas and condensate resources relating to its 100% interest in EP 136 range from 11.2 Tcf to 37.8 Tcf, reflecting asymmetrical risk to the upside relative to the 'best estimate' provided. The best estimate is approximately 19 Tcf as follows (as of 31 January 2021).

Un-risked Gross	**Prospective (Bcf)**	
Reservoir	**Gas Resource**	**Condensate**
Velkerri C	6,050	50
Velkerri B	9,698	49
Velkerri A	3,037	15
Lower Kyalla	232	5
TOTAL	**19,017**	**119**

Source: Tamboran

Work program as currently contemplated for EP 136

Period	**Work Program**	**Commitment**
2021 – phase 1	Extensive 250 km 2D Seismic Survey and site preparation	Approximately A$3.5mm
2022 – phase 1	1 horizontal well, followed by a flow test	Approximately A$39mm
2023 – phase 2	Up to 3 horizontal wells, followed by flow tests on each well	Up to A$130mm

Source: Tamboran, H&P estimates

Tamboran's work plans include extensive 2-D seismic work principally on the northern part of EP 136 (at an estimated cost of A$3.5mm) followed by an initial exploratory horizontal well, Maverick #1H and a flow-test in 2022 (A$39.4mm estimated cost), subject to a landowner usage agreement. Given that Tamboran is the operator, the Maverick #1H well is expected to see a much longer lateral section (compared to 1,000m at the T2H well) and will likely see 35-40 stages or double the amount of T2H. Some wells in the Marcellus are now >6,000m laterals. Also, the size of each frac is expected to be larger. There should be the potential for higher flow rates from the M1H well as a result.

The aim is to establish commercial flow rates and then explore a potential farm-down of its EP 136 interest to provide funding flexibility for Maverick pilot development. After the 1st well, if successful, we would expect Tamboran to look to farm down its assets with the most likely buyer one of the LNG plant owners that are looking for more gas for either existing trains or to justify an expansion (e.g. INPEX or TOTAL).

Subject to a successful outcome during the 2022 work plan, Tamboran intends to drill up to 3 wells in EP 136 during 2023 and, if successful, authorise the construction of an EP 136 pilot plant, which will involve 8-10 wells that could produce 100mmcf/d. Following the 3-well programme, if successful, there is the potential to add 2tcf of 2P reserves.

Tamboran initally plans to sell gas produced from the 2022/23 horizontal well tests to local Northern Territory markets, transported largely through existing pipelines. Tamboran presently intends to work with Jemena on an infrastructure solution that provides a commercial pathway to supply the domestic gas market in Australia. Jemena, will construct a pipeline connecting the Beetaloo Sub-basin directly to the South East Australian domestic gas market, via Jemena's existing northern gas pipeline, and north to the Darwin LNG complex. A comprehensive drilling campaign is expected to take place through 2023 and 2024, capable of providing sustained production into the existing and planned Jemena system by 2025.

Valuation: ~180% upside to our risked NAV

Asset	Gross bcfe	Interest	Net bcfe	NPV A$/mcfe	Unrisked A$m	Unrisked A$/sh	Geological CoS	Commercial CoS	Risked A$m	Risked A$/sh
Net cash (end Q3'21)					$49	$0.06			$49	$0.06
Nov '21 equity raise					$35	$0.05			$35	$0.05
Capitalised G&A @ 2x					-$16	-$0.02			-$16	-$0.02
Options proceeds					$5	$0.01			$5	$0.01
EP 136 - 1tcf	1037	100%	1037	0.54	$565	$0.74	50%	75%	$212	$0.28
EP 136 - incremental 1.75tcf	1750	100%	1750	0.42	$727	$0.95	50%	50%	$182	$0.24
EP 161	2750	25%	688	0.46	$319	$0.42	75%	75%	$179	$0.23
Total NAV	5537.62		3475.12		**$1,683**	**$2.20**			**$646**	**$0.84**

Source: H&P estimates

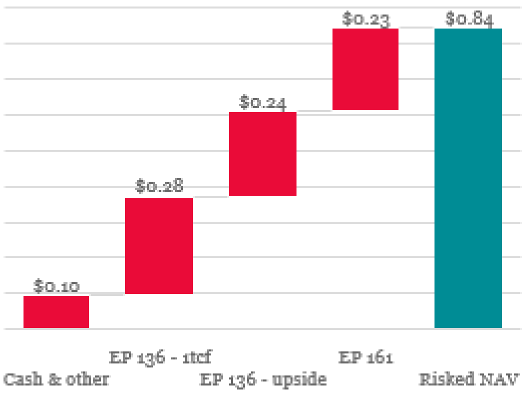
Our risked NAV is unchanged at A$0.84/sh based on our long-term Brent forecast to US$70/bbl (implied L.T. Asian LNG price of US$12.6/mcf at 13% of Brent). On an unrisked basis we have a NAV of A$2.20/sh or 5x upside for the development of 3.5tcf net to Tamboran.

NAV A$/sh based on potential volume discovered & NPV of resource

		Net recoverable resource (tcf)				
		0.5	**1.0**	**2.5**	**10.0**	**31.0**
	$0.05	0.13	0.16	0.26	0.75	2.12
NPV	**$0.25**	0.26	0.42	0.91	3.36	10.22
$/mcf	**$0.40**	0.36	0.62	1.40	5.32	16.29
	$0.50	0.42	0.75	1.73	6.63	20.34
	$1.00	0.75	1.40	3.36	13.16	40.59

Source: H&P estimates

Waterfall Chart of Risked NAV breakdown by item (A$/sh)



Source: Company reports, H&P estimates

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