

Tamboran Resources

Impressive increase in flow rates bodes well for upcoming Maverick exploration drilling

Tanumbirini wells flowing at substantially higher rates than January

Tamboran has provided an update on the flow rates from its Tanumbirini 2H (T2H) and T3H wells in EP 161 (Santos 75% and operator, Tamboran 25%). This follows the wells being reopened after the installation of production tubing in July 2022, with both wells now flowing through 2-7/8" production tubing and being tested using a 24/64-inch choke. The T2H and T3H are currently flowing at 40% and 150% higher eight-day average flow rates, respectively, when compared to corresponding rates in January 2022. The T3H well peaked at 9.1mmcf/d and is flowing at an eight-day average rate of 4.4mmcf/d over a 600m horizontal section (normalised at 7.4mmcf/d over 1,000m). The T2H well peaked at 4.0mmcf/d and has an eight-day average rate of 2.8mmcf/d over a 660m horizontal section (normalised at 4.3mmcf/d over 1,000-metres). The T2H and T3H wells will continue to be flow tested over the next few months.

Flow rates are significantly above our estimated commerciality threshold

The flow rates achieved from the T3H well are the highest sustained rates from a single well over an eight-day flow test within the basin to date, despite the well not being optimally stimulated. 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 maximum production. Our 'base case scenario' assumes an initial production rate of 4.5mmcf/d per 1,000m and although this was only an 8-day test, we now believe that there is upside to this, 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. In any case it is well above our commerciality threshold of 2.0-2.5mmcf/d per 1,000m. There is significant upside to our NAV based on potentially improved development economics from higher flow rates plus the strong outlook for global gas prices. Also of note, although not directly comparable as located to the edge of the basin to the east of Tamboran's blocks in the core of the basin, Empire Energy announced last week a normalised flow rate of 2.8mmcf/d per 1,000m from the first 91 hours of flow from Carpentaria-2H.

EP 136: Maverick on track to be spudded in early Q4'22

TBN has received the final approvals required which allows for up to 7 wells on its 100% owned EP 136 permit. The Tanumbirini flow rates highlight the potential of the on-trend Maverick 1H (M1H) well, which is due to spud in early September 2022. Well pad construction and drilling of the required control monitoring bore are now complete. The Ensign 970 rig is currently being mobilised to the M1H well site and expected to arrive imminently. The M1H well will be drilled with an optimised well design over a planned 1,000m horizontal section and is targeted to include up to 20 fracture stimulated stages at tighter intervals and increased proppant intensity when compared to the T2H and T3H wells drilled by Santos. We expect the M1H well to deliver the equivalent of at least 4.5mmcf/d per 1,000m, which is significantly higher than the commercial threshold.

Valuation: our risked NAV implies 225% upside

Our risked NAV is 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 8x 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\$27mm at the end of Q2'22, which means it has sufficient funding for its Maverick drilling programme. The Block contains unrisked prospective resource of ~19tcf. Revised Australian Energy Market Operator (AEMO) data has indicated the East Coast gas market shortfall could be as early as the winter of 2023.

GICS Sector	Energy
Ticker	ASX:TBN
Market cap 15-Aug-22 (US\$m)	137
Share price 15-Aug-22 (AUD \$)	0.26

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 CO₂

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

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Valuation: >250% upside to our risked NAV

Asset	Gross		Net	NPV	Unrisked		Geological Commercial		Risked		
	b c f e	I n t e r e s t			b c f e	A \$ / m c f e	A \$ m	A \$ / s h	C o S	C o S	A \$ m
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

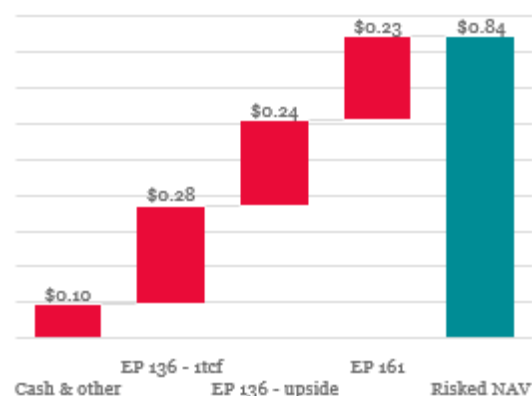
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NAV A\$/sh based on potential volume discovered & NPV of resource

		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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