

# Tamboran Resources

## Block EP 161 sees 164% increase in 2C resource

### EP 161 2C contingent resource estimate increased to 1.6tcf

Tamboran has increased its estimate of EP 161 (Santos 75% operator, TBN 25%) contingent gas resources by 164% to 1.6tcf gross or 404bcf net to TBN. The 2C resource only covers <4% of the total prospective acreage on the EP 161 block, where there is unrisks prospective resource of 12.4tcf net to TBN. The data from the extended well tests (described below) demonstrating the commercial potential of the Beetaloo, the upgrade to the size of the horizontal wells to 3,000m from 2,000m and the prospectivity of the Mid-Velkerri 'C Shale' have all contributed to the increase in the resource size. In total the Velkerri B accounts for 61% of the total resource with the remainder from the Velkerri C. On a 3C basis (taking into account a wider area around the existing well bores) the total resource is 3.7tcf. Deal flow for gas assets in Australia last year (before the spike in global gas and LNG pricing) was generally ~A\$0.5-1.5/mcfe and our NPV10 valuation is ~A\$0.5/mcfe; on this basis the 2C resource alone would be worth ~US\$200mm net to Tamboran.

### Flow rates are significantly above our estimated commerciality threshold

TBN has provided an update on the flow rates from its Tanumbirini 2H (T2H) and T3H wells in EP 161. The T3H well has delivered an IP30 rate of 3.1mmcf/d over 600m (normalised at 5.2mmcf/d over 1,000m) and T2H has delivered an IP30 rate of 2.1mmcf/d over 600m (normalised at 3.3mmcf/d over 1,000m). The lower rate on the T2H is a result of the production in the interim of 270mmcf before production tubing was installed, meaning this is not the typical IP30 for a new well. Also 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, so were not being optimally stimulated. Our 'base case scenario' assumes an initial production rate of 4.5mmcf/d per 1,000m and based on the T3H well, 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.

### EP 136: Maverick on track to be spudded in late Q3'22

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 5mmcf/d per 1,000m, which is significantly higher than the commercial threshold. Santos is also planning to drill a well inbetween the Tanumbirini and Maverick locations, which is called Jibera South and, if successful, would derisk the entire fairway.

### Valuation: our risked NAV implies 260% upside

We are increasing our risked NAV by 4% to A\$0.87/sh as we have increased the geological chance of success to 90% from 75% on the back of the resource upgrade and well performance. Our NAV is based on our long-term Brent forecast of US\$70/bbl (implied L.T. Asian LNG price of US\$9.1/mcf at 13% of Brent). On an unrisks basis we have a NAV of A\$2.19/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 unrisks 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 in our view with the potential for some debt funding prior to year-end. 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 5-Sep-22 (US\$mm)	122
Share price 5-Sep-22 (AUD \$)	0.24

### NAV summary (AUD c/sh)

Asset	Unrisks	Risks
Cash & other	10	10
EP 136	169	51
EP 161	42	27
<b>Total NAV</b>	<b>220</b>	<b>87</b>

Source: H&P estimates

## 31tcf

Tamboran's unrisks net prospective gas resource.

## Net zero CO<sub>2</sub>

Committed to integrating renewables and carbon offsets to become a Net Zero gas producer.

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## Valuation: >250% upside to our risked NAV

Asset	Gross		Net	NPV	Unrisked	Unrisked	Geological	Commercial	Risked	Risked	
	b c f e	I n t e r e s t									b c f e
Net cash (end '21)					\$68	\$0.08				\$68	\$0.08
Capitalised G&A	@ 2x				-\$16	-\$0.02				-\$16	-\$0.02
Options proceeds					\$21	\$0.03				\$21	\$0.03
EP 136 - 1tcf	1037	100%	1037	0.58	\$603	\$0.75	50%	75%	\$226	\$0.28	
EP 136 - incremental 1.75tcf	1750	100%	1750	0.43	\$754	\$0.94	50%	50%	\$189	\$0.23	
EP 161	2750	25%	688	0.49	\$335	\$0.42	85%	75%	\$213	\$0.27	
<b>Total NAV</b>	<b>5538</b>		<b>3475</b>		<b>\$1,765</b>	<b>\$2.19</b>			<b>\$701</b>	<b>\$0.87</b>	

Source: H&P estimates

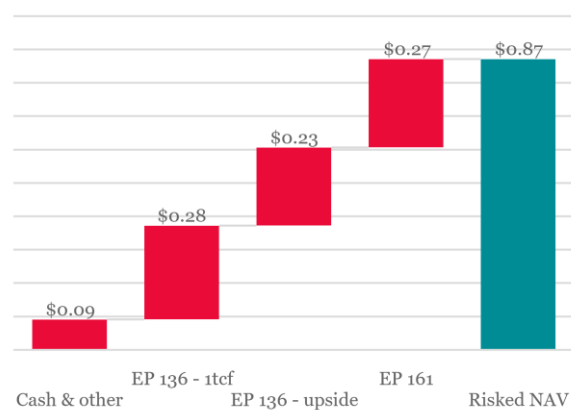
Our risked NAV of A\$0.87/sh based on our long-term Brent forecast of US\$70/bbl (implied L.T. Asian LNG price of US\$9.1/mcf at 13% of Brent). On an unrisked basis, we have a NAV of A\$2.19/sh or 8x upside for the development of 3.5tcf net to Tamboran.

### 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
	<b>\$0.05</b>	0.12	0.15	0.25	0.71	2.02
NPV	<b>\$0.25</b>	0.25	0.40	0.87	3.20	9.73
\$/mcf	<b>\$0.40</b>	0.34	0.59	1.33	5.06	15.51
	<b>\$0.50</b>	0.40	0.71	1.64	6.31	19.36
	<b>\$1.00</b>	0.71	1.33	3.20	12.52	38.64

Source: H&P estimates

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



Source: Company reports, H&P estimates

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