

# Tamboran Resources

## Beetaloo commerciality proven with SS-1H well

### SS-1H well achieves ~30% higher flow rate than expected

Tamboran Resources ("TBN") announced the highly anticipated 30-day initial flow rate for the Shenandoah South 1H well ("SS-1H") on EP 117, where TBN owns 38.75%. TBN was expecting an IP30 flow rate of >2.5mmcf/d, for the 500m lateral and it achieved 3.2mmcf/d, which should substantially improve the economics of development. This is a normalised rate of 6.4mmcf/d over 1,000m versus our estimate of 5.5mmcf/d, more than double the 2.5mmcf/d that we see as the commerciality threshold and the highest seen in the Beetaloo basin to date. Over the 500m interval, production peaked at 12.9mmcf/d and exited the 30 days producing 2.9mmcf/d with cumulative production of almost 100mmcf. There was steady, low-decline during the IP30 test period, which indicates enhanced fracture conductivity. The lateral portion of SS-1H was 1,020m of which 501m was fraced with a 10-stage stimulation using 2,212lbs/ft of proppant (40% more than on T3H well on EP 161), with a total of 3.5mm lb of sand placed. The previous best well in the basin produced at a normalised flow rate of 5.2mmcf/d over 1,000m, which was Santos/TBN's Tanumbirini 3H well in 2022.

### Results compare favourably to the prolific Marcellus shale in the US

The results are further validation that the rock properties compare favourably with the Marcellus shale dry gas window, one of the world's most prolific shale gas basins. This includes reservoir pressure, effective porosity and gas in place. Also, the pore pressure gradient for Tanumbirini and Shenandoah is consistent with Marcellus dry gas counties: it is important as it directly affects the ability to extract gas from the shale formation. This is demonstrated by a favourable IP30 comparison to average Marcellus Shale well performance. The result supports TBN's view that the deepest regions of the Beetaloo have the most consistent geology and potential for the highest flow rates. It has now high-graded 1mm acres in the deep Beetaloo West area, which has 20tcf of 2C gas resource potential.

### TBN will move forward with 40mmcf/d pilot development

TBN will continue testing of the well for 90 days to allow independent assessment of the well's 20 year total production Estimated Ultimate Recovery ("EUR"). TBN can now proceed with a pilot development of 40mmcf/d at Shenandoah South to supply the Northern Territory gas market in H1'26, on which FID is expected to be taken around mid-year. TBN will drill two 3,000m (10,000ft) development wells in 2024, the longest to be drilled in the basin, which could produce ~19mmcf/d on an IP30 basis. TBN needs to finalise a binding Gas Sales Agreement, construction of the necessary midstream infrastructure, funding and key stakeholder approvals by mid-2025. The development is expected to include 6 development wells, a 40mmcf/d gas compression facility and 35km pipeline to tie-in to the Amadeus Gas Pipeline.

### Valuation: ~300% upside to our unchanged risked NAV of A\$0.64/sh

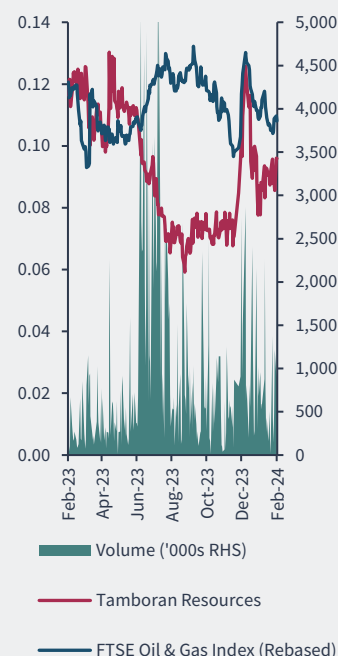
We are keeping our risked NAV of A\$0.64/sh unchanged but there is upside on the back of these results. On an unrisked basis we have a NAV of A\$4.11/sh (see our [Oct'23](#) and [Dec'23](#) updates for details). The preliminary estimate of a 20bcf EUR is materially higher than our modelling assumption of 15bcf, leading to a higher NPV/mcf. The key impact of a higher flow rate and EUR is that it reduces the unit capex: TBN now expects <US\$1/mcf capex. TBN has been able to book its first contingent resource at Shenandoah South, which increased its 2C resource by 152bcf net to TBN, supporting the sanction of the pilot development. TBN now has >2.1tcf of booked 2C resource and is trading on an EV of just US\$0.12/mcf. TBN has A\$55mm in cash and is funded for the initial couple of development wells and will evaluate its funding options for the remaining capital commitments, with the potential for debt, pre-payment for gas or a farm-down. TBN sees it as the largest undeveloped gas resource in the world.

GICS Sector	Energy
Ticker	ASX: TBN
Market cap 26-Feb-24 (US\$m)	258
Share price 26-Feb-24 (A\$)	0.20

### NAV summary (A\$/sh)

Asset	Unrisked	Risked
Cash and other	5	5
EP 136	192	12
EP 98	166	38
EP 161	48	9
<b>Total NAV</b>	<b>411</b>	<b>64</b>

Source: H&P



Source: S&P CapIQ

Anish Kapadia

Research Analyst

T +44 (0) 207 907 8500

E [anish@hannam.partners](mailto:anish@hannam.partners)

Roger Bell

Managing Director, Research

T +44 (0) 207 907 8534

E [rb@hannam.partners](mailto:rb@hannam.partners)

Andy Crispin

Sales

T +44 (0) 207 907 2022

E [andy.crispin@hannam.partners](mailto:andy.crispin@hannam.partners)

H&P Advisory Ltd

7-10 Chandos Street

London W1G 9DQ

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