



tamboran^o
RESOURCES

2023

Half Yearly Report

For the period ending 31 December 2022

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DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Tamboran Resources Limited (referred to hereafter as 'Tamboran', 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

DIRECTORS

The following persons were Directors of Tamboran Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

- Mr Dick Stoneburner Chairman
- Mr Joel Riddle Managing Director and Chief Executive Officer
- Mr Fred Barrett Non-Executive Director
- Mr Dan Chandra Non-Executive Director
- Ms Ann Diamant Non-Executive Director
- Mr Patrick Elliott Non-Executive Director
- Mr David Siegel Non-Executive Director



PRINCIPAL ACTIVITIES

The principal activities of Tamboran focus on shale gas exploration in onshore basins in the Northern Territory of Australia.

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial half-year.

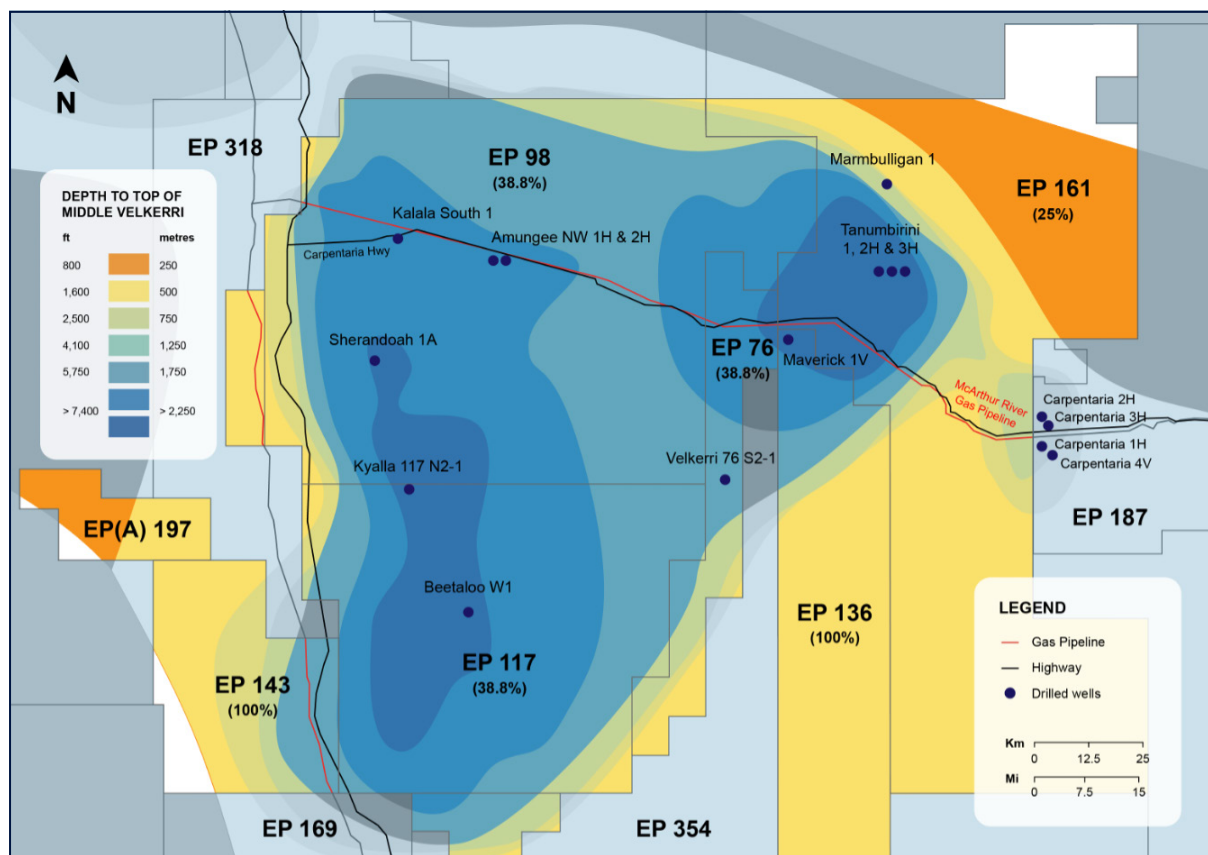
REVIEW OF OPERATIONS

The loss for the Group after providing for income tax amounted to \$15,344,205 (31 December 2021: \$4,910,530).

The Company is the largest acreage holder in the Beetaloo Sub-basin of the Northern Territory, focused on the development of its

early-stage, unconventional low reservoir CO₂ natural gas resources within its portfolio (EP 76, EP 98, EP 117, EP 136, EP 143, EP 161 and EP(A) 197).

The Tamboran Board believes that there is a considerable opportunity for the Company to commercialise the prospective gas resources within its Beetaloo Sub-basin acreage. This opportunity coincides with the anticipated supply shortfall, as forecast by both the Australian Energy Market Operator (“AEMO”) and the Australian Competition and Consumer Commission (“ACCC”), on Australia’s East Coast and the push by the Australian Government and industry towards shifting to lower emissions power.



OPERATIONS

EP 76, 98 and 117 (Tamboran 38.75% working interest and operator)

In September 2022, Tamboran announced the acquisition of Beetaloo Sub-basin permits EP 76, 98 and 117. The acquisition positions Tamboran as the largest acreage holder in the Basin, with approximately 1.9 million net prospective acres and 147 trillion cubic feet (TCF) of net prospective gas resources¹.

Tamboran completed the acquisition on 9 November 2022 and commenced drilling of the Amungee 2H (A2H) well, the first of two wells required to finalise the Falcon Oil & Gas (Falcon) farm-in obligations, on 10 November 2022.

The A2H well was designed as a development well with 5-½-inch casing, the optimal casing size to place a high intensity stimulation. This is expected to deliver sand and fluid at an increased rate to the perforations during the stimulation, a proven concept that has been known to deliver significantly higher production rates and Estimated Ultimate Recovery (EUR).

The well was successfully drilled to a total depth (TD) of 3,883 metres in 38 days, including a 1,275-metre horizontal section, which was placed in the most prospective zone of the Mid-Velkerri “B Shale” formation. This represents the fastest well drilled to a TD in excess of 3,500-metres within the Beetaloo Basin.

In early January 2023, Tamboran contracted Condor Energy Services (Condor) to undertake the stimulation program for the A2H well. Under the contract, Condor will provide stimulation and coiled tubing services to complete up to 24 stimulation stages within the Mid-Velkerri “B Shale”.

The stimulation program across 1,200-metre horizontal section within the shale of A2H commenced on 16 February 2023. Once the stimulation program is complete, the well planned to be flowed back over a four week period before installation of production tubing, with IP30 rates planned to be announced during the second quarter of 2023.

During the period, Tamboran commenced a comprehensive evaluation of the drilling area for the second and final well required to satisfy the Falcon farm-in obligations.



The acquisition positions Tamboran as the largest acreage holder in the Basin with approximately 1.9 million net prospective acres and 147 trillion cubic feet (TCF) of net prospective gas resources.



EP 161 (Tamboran 25% working interest)

During the first half of financial year 2023, Santos QNT Pty Limited (Santos), the operator of EP 161, completed the installation of production tubing within the Tanumbirini 2H (T2H) and 3H (T3H) wells. Flow testing recommenced in August 2022. Both wells were drilled during the second half of calendar year 2021 (H1 FY22) and stimulated in December 2021.

Since the recommencement of flow testing, the T3H well delivered an initial production over 30-days (IP30) averaging 3.1 million standard cubic feet per day (mmscfd) over a 600-metre completed horizontal section (normalised at 5.2 mmscfd over 1,000-metres). The T2H well delivered an average IP30 flow rate of 2.1 mmscfd over a 660-metre completed horizontal section (normalised at 3.3 mmscfd over 1,000-metres). This was despite the T2H well having remained on production for the majority of calendar year 2022, which had produced 0.27 BCF prior to the installation of production tubing.

The flow testing of both wells was suspended in early December 2022 following completion of the testing period. The T3H well delivered an average IP90 flow rate of 2.1 mmscfd over a 600-metre completed horizontal section (normalised at 3.5 mmscfd over 1,000-metres). The T2H well delivered an average IP90 flow rate of 1.6 mmscfd over a 660-metre completed horizontal section (normalised at 2.4 mmscfd over 1,000-metres).

The T2H and T3H wells are currently shut-in and on long term pressure build up. Both wells have provided Tamboran valuable information in drilling and stimulation design that will be implemented across future development wells within the Tamboran operated acreage.

Santos plans on conducting 2D seismic within the permit during calendar year 2023, which is subject to obtaining both regulatory approvals (EMP) and an agreement with the pastoral leaseholder.



1. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

EP 136, EP 143 and EP(A) 197 (Tamboran 100% working interest)

During the first half of financial year 2023, Tamboran mobilised the Ensign Rig 970 to the Maverick well pad for the drilling of the Maverick 1V (M1V) well in Beetaloo Basin permit EP 136.

Following the acquisition of the Beetaloo Basin assets in September 2022, Tamboran modified the design of the M1V well to a vertical well. The decision was made in order to prioritise capital to accelerating booking of 2P gas reserves and cash flow from a Pilot Development in the acreage acquired from Origin.

The M1V well spudded in mid-September 2022 and reached total depth of 3,050 metres in early October 2022. Drilling time was 18.3 days, 54 per cent quicker than other near-field vertical sections drilled deeper than 2,500 metres in the Beetaloo Basin. This was also significantly less than the approximately 100 days to reach TD at the Tanumbirini 1 vertical well.

Tamboran applied its experience and technical expertise, as well as learnings from the T2H and T3H wells to the drilling of M1V. This included a carefully designed bit and bottomhole assembly, which drilled approximately 500 metres of the Moroak sandstone, the toughest interval in the Beetaloo Basin, in 54-hours, averaging 9.25 metres per hour (mph) including connection time. This compares to offset wells within the deeper region of the basin that averaged 486 metres in 364 hours (1.33 mph).

The application of the techniques and design used in M1V are expected to result in a significant reduction in time for drilling through the Moroak sandstone in future development wells, supporting cost reductions.

In October 2022, the M1V well was cased and cemented for future possible re-entry and the Ensign 970 was rigged down and released.

COMMERCIAL

Acquisition of three Beetaloo Basin assets

During the first half of financial year 2023, Tamboran announced the acquisition of three Beetaloo Basin permits in a 50:50 Joint Operations (JO) with Daly Waters Limited (the JV), called Tamboran B2 Pty Ltd. Under the transaction, Sheffield and Tamboran each acquired 38.75% of permits EPs 76, 98 and 117. Existing partner, Falcon Oil and Gas Australia Limited (Falcon) holds the remaining 22.5%.

The JO acquired the 77.5% interest for the following consideration:

- Upfront cash payment of \$60 million, which is shared equally between the JO participants.
- 5.5% revenue royalty on production on a 77.5% working interest basis.

Tamboran has committed to solely funding the remaining Origin Stage 3 farm-in commitments, which includes the drilling of two horizontal wells, A2H and A3H, at an estimated cost of \$80 million, and back costs to the effective date of 1 July 2022.

The transaction provides Tamboran with a dominant position in the Beetaloo Basin, with ~1.9 million net prospective acres, resulting in a ~270 per cent increase in Tamboran's estimate of net 2C contingent gas resources to ~1.5 TCF.

\$140 million capital raise

\$137 million placement

In mid-September 2022, Tamboran announced the Company had raised approximately \$137 million (pre-costs) in equity at \$0.21 per share. The raise included a \$98 million Private Placement to strategic partners and US cornerstone investors, including equity investments of \$30 million by Sheffield, \$22 million by Helmerich & Payne, Inc. (H&P), (NYSE: HP), and \$46 million by several other US energy-focused institutional investors. An additional \$39 million was raised via a further placement to sophisticated and institutional investors outside the United States.

The transaction was structured as a two-tranche placement:

- **Unconditional Placement (“First Tranche”):** The First Tranche of \$39.2 million was not subject to shareholder approval and was within the Company’s 25% placement capacity under ASX Listing Rules 7.1 and 7.1A. Investors have received their pro rata allocation of shares ranking *pari passu* with existing fully paid Ordinary Shares. The number of shares being issued under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A is 112,103,927 and 74,735,951, respectively.
- **Conditional Placement (“Second Tranche”):** The Second Tranche of \$97.8 million, was approved at the General Meeting on Tuesday, 25 October 2022. The number of shares issued under the Second Tranche was 465,612,410

\$3 million share purchase plan

Tamboran, in conjunction with the above private placement, completed its Share Purchase Plan (SPP) raising an additional \$3 million, issuing 16,198,945 new fully paid ordinary shares.

Signing of Gas Sales Agreement with Origin Energy

In alignment with the acquisition of Beetaloo Basin assets, Tamboran B2 Pty Ltd signed a binding 10-year GSA with Origin for production up to 100 TJ per day (36.5 PJ per annum) from the acquired assets. In addition, Origin will have the option to acquire at least an additional 200 TJ per day for 10-years from the JO interest in the permits.

Strategic alliance with Helmerich & Payne, Inc.

During the quarter, Tamboran entered into a strategic alliance and secured a \$22 million equity investment, through the \$137 million placement detailed previously, from a subsidiary of H&P, the largest drilling solutions provider in the US.

Tamboran has finalised a drilling contract with H&P for a super-spec FlexRig® for a two-year term. The rig is planned to be mobilised into Australia for the Company’s proposed 2023 drilling campaign. The drilling activity, if successful, is expected to position Tamboran for the sanctioning of a proposed Pilot Development by the end of 2023.

As part of the Strategic Alliance, H&P will have the right of first refusal until 2033 to provide Tamboran, at market rates, all subsequent rigs required to accelerate the Company’s 1 billion cubic feet per day (BCFD) development plan.

Once imported into Australia, H&P’s super-spec FlexRig®, with more than 2,000 horsepower and one-million-pound hookload, will be one of Australia’s most powerful onshore drilling rigs. Capable of drilling more than 4,000-metre horizontal sections within the Mid-Velkerri “B Shale”, the rig is expected to support a material reduction in cost per unit of recoverable gas and minimise the environmental footprint.

Significant changes in the state of affairs

On 20 September 2022, the Company completed an equity raise of \$137 million through a two-tranche placement and share purchase plan. The placement to new and existing shareholders was an issue of 652,452,288 ordinary shares at \$0.21 per share.

As a result of the equity raise, the Group purchased Origin Energy's 77.5% interest in the Beetaloo Basin Assets, via a 50:50 joint operation with Bryan Sheffield whereby the Group will hold a 38.75% interest and operatorship, with Bryan Sheffield holding a 38.75% non-operating interest and Falcon Oil & Gas retaining their 22.5% non-operating interest.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Richard Stoneburner
Chairman of the Board

15 March 2023
Sydney



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Auditor's Independence Declaration to the Directors of Tamboran Resources Limited

As lead auditor for the review of Tamboran Resources Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Tamboran Resources Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Ryan Fisk'.

Ryan Fisk
Partner
15 March 2023

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Tamboran Resources Limited
 Consolidated statement of profit or loss and other comprehensive income
 For the half-year ended 31 December 2022



	Note	31 Dec 2022 \$	31 Dec 2021 \$
Other income	4	64,905	-
Interest income		101,485	958
Expenses			
Director and employee benefits expense		(4,817,188)	(1,477,924)
Share-based payments expense		(953,083)	(565,352)
Depreciation and amortisation expense	5	(281,771)	(281,771)
Consultancy, legal and professional costs		(5,937,027)	(1,616,132)
Administration expenses		(2,405,313)	(370,943)
ASX Listing fees		(126,635)	(136,584)
Foreign exchange (losses)/gains		(581,488)	(70,586)
Other expenses		(381,077)	(363,916)
Finance costs	5	(27,013)	(28,280)
Loss before income tax expense		(15,344,205)	(4,910,530)
Income tax expense		-	-
Loss after income tax expense for the half-year		(15,344,205)	(4,910,530)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		29,470	(6,048)
Other comprehensive income for the half-year, net of tax		29,470	(6,048)
Total comprehensive income for the half-year		<u>(15,314,735)</u>	<u>(4,916,578)</u>
		Cents	Cents
Basic earnings per share	17	(1.52)	(0.73)
Diluted earnings per share	17	(1.52)	(0.73)

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents		61,767,948	26,810,224
Trade and other receivables	6	4,103,031	2,896,440
Other assets		1,718,640	986,262
		<u>67,589,619</u>	<u>30,692,926</u>
Non-current assets classified as held for sale	7	34,092,977	-
Total current assets		<u>101,682,596</u>	<u>30,692,926</u>
Non-current assets			
Property, plant and equipment	8	385,131	16,372,076
Right-of-use assets		837,165	1,030,357
Intangibles		433,457	433,457
Exploration and evaluation	9	193,618,536	84,949,957
Other assets		1,386,080	592,614
Total non-current assets		<u>196,660,369</u>	<u>103,378,461</u>
Total assets		<u>298,342,965</u>	<u>134,071,387</u>
Liabilities			
Current liabilities			
Trade and other payables	10	21,164,579	3,853,956
Lease liabilities		407,041	390,851
Employee benefits		670,227	363,867
Other liabilities	12	8,808,001	-
Total current liabilities		<u>31,049,848</u>	<u>4,608,674</u>
Non-current liabilities			
Lease liabilities		516,623	723,537
Employee benefits		432,688	131,438
Provisions	11	18,220,963	-
Total non-current liabilities		<u>19,170,274</u>	<u>854,975</u>
Total liabilities		<u>50,220,122</u>	<u>5,463,649</u>
Net assets		<u>248,122,843</u>	<u>128,607,738</u>
Equity			
Issued capital	13	351,321,486	217,444,729
Reserves	14	11,059,699	10,077,146
Accumulated losses		(114,258,342)	(98,914,137)
Total equity		<u>248,122,843</u>	<u>128,607,738</u>

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	183,855,350	8,620,361	(88,111,680)	104,364,031
Loss after income tax expense for the half-year	-	-	(4,910,530)	(4,910,530)
Other comprehensive income for the half-year, net of tax	-	(6,048)	-	(6,048)
Total comprehensive income for the half-year	-	(6,048)	(4,910,530)	(4,916,578)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	33,792,749	-	-	33,792,749
Share-based payments	-	565,352	-	565,352
Balance at 31 December 2021	<u>217,648,099</u>	<u>9,179,665</u>	<u>(93,022,210)</u>	<u>133,805,554</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	217,444,729	10,077,146	(98,914,137)	128,607,738
Loss after income tax expense for the half-year	-	-	(15,344,205)	(15,344,205)
Other comprehensive income for the half-year, net of tax	-	29,470	-	29,470
Total comprehensive income for the half-year	-	29,470	(15,344,205)	(15,314,735)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (Note 13)	133,876,757	-	-	133,876,757
Share-based payments (Note 14)	-	953,083	-	953,083
Balance at 31 December 2022	<u>351,321,486</u>	<u>11,059,699</u>	<u>(114,258,342)</u>	<u>248,122,843</u>

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Payments to suppliers and employees		(12,373,273)	(6,074,105)
Interest received		101,485	958
Payment of lease interest		(25,783)	(28,280)
		<u>(12,297,571)</u>	<u>(6,101,427)</u>
Cash flows from investing activities			
Payment for expenses relating to acquisitions		-	(1,027,633)
Payments for investments		(1,000,010)	-
Payments for property, plant and equipment	8	(18,233,600)	-
Payments for exploration and evaluation		(64,436,378)	(18,881,325)
		<u>(83,669,988)</u>	<u>(19,908,958)</u>
Cash flows from financing activities			
Proceeds from issue of shares	13	140,416,891	34,964,616
Share issue transaction costs		(9,336,725)	(3,670,093)
Repayment of lease liabilities		(190,725)	(175,475)
		<u>130,889,441</u>	<u>31,119,048</u>
Net cash from financing activities			
Net increase in cash and cash equivalents		34,921,882	5,108,663
Cash and cash equivalents at the beginning of the financial half-year		26,810,224	63,083,722
Effects of exchange rate changes on cash and cash equivalents		35,842	(6,048)
		<u>35,842</u>	<u>(6,048)</u>
Cash and cash equivalents at the end of the financial half-year		<u>61,767,948</u>	<u>68,186,337</u>

Note 1. General information

The financial statements cover Tamboran Resources Limited as a Group consisting of Tamboran Resources Limited (referred to hereafter as 'Tamboran', 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (referred to hereafter as the 'Group'). The financial statements are presented in Australian dollars, which is Tamboran Resources Limited's functional and presentation currency.

Tamboran Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

110-112 The Corso,
Manly NSW 2095

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 15 March 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Restoration

Rehabilitation costs include the plugging and abandonment of wells, and rehabilitation of the site in accordance with the requirements of the permits. Such costs are determined using estimates of future costs, current legal requirements and technology.

Rehabilitation costs are recognised at present value as a non-current liability. An equivalent amount is capitalised as part of the cost of the asset when an obligation arises to decommission or restore a site to certain condition after abandonment as a result of bringing the assets to its present location. The capitalised cost is amortised over the life of the project and the provision is accreted periodically as the discounting of the liability unwinds. The unwinding of the discount is recorded as a finance cost.

Note 2. Significant accounting policies (continued)

Royalties

Tamboran has excluded all royalties from contingent payments and initial measurement of the assets acquired as well as royalties for existing permits. Tamboran will recognise a liability for royalties only when the contingent payment crystallises.

Tamboran will reduce the value of the exploration asset for the amount of the royalty consideration received, for future royalties, as this is a deemed disposal of a proportion of the future reserves which will generate revenue over the life of the asset.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. As shown in the accompanying financial statements, the Company has accumulated losses since inception.

Tamboran has commenced its first Beetaloo Basin stimulation program at the Amungee 2H ('A2H') well in 38.75% owned and operated EP 98 during the period. This program remains the focus of Tamboran and its partners. During the period Maverick 1 vertical well ('M1V') was drilled and was subsequently suspended following a decision to prioritise the acceleration of booking 2P reserves and first commercial production from the proposed Amungee Pilot Development. Under the Santos Joint Operation Work Plan and Budget program for calendar year 2023 the Group committed approximately A\$2.5 million. The Company must continue to contribute its proportionate share of operation expenditure in order to maintain its interest in the underlying permit. The expenditures required to bring the permits from the exploration stage asset into development and ultimately production are expected to exceed the cash currently available. The Directors and Management are confident that as further funding is required it can be raised through either an equity raise or debt funding. Existing cash on hand, assuming the sale of the rigs prior to the end of the period is sufficient to meet non-discretionary obligations as they come due over the next twelve months. However, such funding does not provide sufficient liquidity to meet all discretionary obligations of the Company, which include obligations under each of the exploration permits Tamboran owns. It is expected, though uncertain, that sufficient incremental funds can be raised to meet these discretionary obligations. This indicates the existence of a material uncertainty, which casts significant doubt over the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include adjustments that would result if the Group was unable to continue as a going concern. Having given due consideration to the cash requirements of the Group, the Board of Directors has a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing these consolidated financial statements which assumes the Group will be able to meet its liabilities as they fall due for the next 12 months.

Note 3. Operating segments

Identification of reportable operating segments

The Group operates as an unconventional gas exploration company whose tenements and related exploration activities are located in Australia. The Directors are of the opinion that there is one single operating segment, which is the whole of the consolidated operation. This single operating segment represents the only reportable segment. The segment disclosure for the reportable segment is consistent with those amounts presented in the primary statements and notes.

The Board of Directors is identified as the Chief Operating Decision Makers ('CODM') and based on the internal reports that are used by the CODM, the Group has one reporting segment being gas exploration in Australia. There is no aggregation of operating segments. The operating segment information is the same information as provided throughout the financial statements and are therefore not duplicated. The information reported to the CODM is on a regular basis.

Major customers

During the year ended 31 December 2022 and 31 December 2021 there were no sales to major customers.

Note 4. Other income

	31 Dec 2022	31 Dec 2021
	\$	\$
Fuel tax credits	<u>64,905</u>	<u>-</u>

Tamboran Resources is registered with the Australian Taxation Office for fuel tax credits which we receive in relation to our exploration operations in the Beetaloo Basin.

Note 5. Expenses

	31 Dec 2022	31 Dec 2021
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	<u>27,013</u>	<u>28,280</u>
<i>Depreciation</i>		
Plant and equipment	88,580	88,580
Buildings right-of-use assets	<u>193,191</u>	<u>193,191</u>
Total depreciation	<u>281,771</u>	<u>281,771</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>175,034</u>	<u>72,696</u>

Note 6. Trade and other receivables

	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
ATO receivable	165,477	304,265
Goods and services tax receivable	928,189	-
Government grant receivable	3,009,365	2,592,175
	<u>4,103,031</u>	<u>2,896,440</u>

Note 7. Non-current assets classified as held for sale

	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
Machinery - Rig	<u>34,092,977</u>	<u>-</u>

On 12 April 2022, Tamboran Equipment, LLC (a wholly owned subsidiary of Tamboran Resources Limited) entered into an agreement with HCI RMX, LLC to purchase two smaller rigs, Rig 300 and Rig 301 (with accompanying equipment), and a larger, more complete rig, Rig 403, for a total of US\$21 million. The first two rigs, 300 and 301 were secured following an initial payment of US\$5 million. Subsequent monthly payments were made for the balance of the total transaction cost and the completion of the purchase of Rig 403 was finalised in December 2022 with the final payment. The Board approved the rigs for sale on 12 September 2022, subject to the finalisation of the purchase. On 23 December 2022, subsequent to the final payment, the asset was classified as asset held for sale. The sale is expected to complete in the next twelve months.

Note 8. Property, plant and equipment

	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Non-current assets</i>		
Leasehold improvements - at cost	773,899	773,899
Less: Accumulated depreciation	<u>(388,768)</u>	<u>(300,188)</u>
	385,131	473,711
Machinery work-in-progress - at cost	-	15,898,365
	<u>385,131</u>	<u>16,372,076</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	<i>Leasehold improvements</i>	<i>Machinery work- in-progress</i>	<i>Total</i>
	\$	\$	\$
Balance at 1 July 2022	473,711	15,898,365	16,372,076
Additions	-	18,194,612	18,194,612
Classified as held for sale (note 7)	-	(34,092,977)	(34,092,977)
Depreciation expense	<u>(88,580)</u>	<u>-</u>	<u>(88,580)</u>
Balance at 31 December 2022	<u>385,131</u>	<u>-</u>	<u>385,131</u>

Note 9. Exploration and evaluation

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Non-current assets</i>		
Exploration and evaluation - EP161 - at cost	39,387,400	38,544,226
Restoration assets - EP161	2,081,205	-
	<u>41,468,605</u>	<u>38,544,226</u>
Exploration and evaluation - EP136 - at cost	73,259,682	46,405,731
Restoration assets - EP136	8,544,135	-
	<u>81,803,817</u>	<u>46,405,731</u>
Exploration and evaluation - EP76, EP98 and EP117 - at cost	62,750,491	-
Restoration assets - EP76, EP98 and EP117	7,595,623	-
	<u>70,346,114</u>	<u>-</u>
	<u><u>193,618,536</u></u>	<u><u>84,949,957</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	<i>Exploration and evaluation EP161 \$</i>	<i>Exploration and evaluation EP136 \$</i>	<i>Exploration and evaluation EP76, EP98 and EP117 \$</i>	<i>Total \$</i>
Balance at 1 July 2022	38,544,226	46,405,731	-	84,949,957
Additions through asset acquisition	-	-	49,640,626	49,640,626
Additions	2,734,932	33,641,332	31,762,344	68,138,608
Restoration assets	2,081,205	8,544,135	7,595,623	18,220,963
Royalty payments	(1,891,758)	(2,562,499)	(18,652,479)	(23,106,736)
Government grant	-	(4,224,882)	-	(4,224,882)
Balance at 31 December 2022	<u>41,468,605</u>	<u>81,803,817</u>	<u>70,346,114</u>	<u>193,618,536</u>

Government grant

The total government grant to date is:

	<i>Government grant \$</i>
Government grant receivable as at 1 July 2022	2,592,175
Additions during the period	<u>4,224,882</u>
Government grants as at 31 December 2022	<u><u>6,817,057</u></u>

Note 10. Trade and other payables

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liabilities</i>		
Trade payables	3,837,642	854,765
Other payables and accruals	<u>17,326,937</u>	<u>2,999,191</u>
	<u>21,164,579</u>	<u>3,853,956</u>

Significant movement in other payables and accruals is primarily due to exploration and evaluation expenditure for the A2H development well in Tamboran's 38.75 per cent owned and operated exploration permit EP 98 spudded on 10 November 2022.

Note 11. Provisions

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Non-current liabilities</i>		
Restoration	<u>18,220,963</u>	<u>-</u>

Restoration provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land encompassed by the exploration permits. The Group's exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of well estimates and discount rates could affect the carrying amount of this provision.

Movements in provisions

Movements in each class of provision during the current financial half-year, other than employee benefits, are set out below:

31 Dec 2022	<i>Restoration</i> \$
Carrying amount at the start of the half-year	-
Additional provisions recognised	<u>18,220,963</u>
Carrying amount at the end of the half-year	<u>18,220,963</u>

Note 12. Other liabilities

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liabilities</i>		
Other current liabilities	<u>8,808,001</u>	<u>-</u>

Through the acquisition of the Beetaloo assets from Origin B2, Tamboran assumed the remaining carry obligation of \$14.1 million of Falcon Oil & Gas' share of work program costs. Due to expenditure between the acquisition date and year end, this carry obligation has reduced to \$8.8 million as of 31 December. The remaining carry obligation is expected to be consumed by the end of the fiscal year.

Note 13. Issued capital

	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 \$	30 Jun 2022 \$
Ordinary shares - fully paid	<u>1,416,010,751</u>	<u>747,359,518</u>	<u>351,321,486</u>	<u>217,444,729</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	747,359,518		217,444,729
Issue of ordinary shares	27 September 2022	186,839,878	\$0.2100	39,236,374
Issue of ordinary shares	20 October 2022	16,198,945	\$0.2100	3,401,778
Issue of ordinary shares	31 October 2022	465,612,410	\$0.2100	97,778,739
Less: Share issue transaction costs				(6,540,134)
Balance	31 December 2022	<u>1,416,010,751</u>		<u>351,321,486</u>

Note 14. Reserves

	31 Dec 2022 \$	30 Jun 2022 \$
Foreign currency reserve	30,242	772
Share-based payments reserve	<u>11,029,457</u>	<u>10,076,374</u>
	<u>11,059,699</u>	<u>10,077,146</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

	Foreign currency reserve \$	Share-based payments reserve \$	Total \$
Balance at 1 July 2022	772	10,076,374	10,077,146
Foreign currency translation	29,470	-	29,470
Share-based payments	-	953,083	953,083
Balance at 31 December 2022	<u>30,242</u>	<u>11,029,457</u>	<u>11,059,699</u>

Note 15. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 16. Interests in joint operations

The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Tamboran (B1) Pty Limited

On 18 September 2022 Tamboran (West) Pty Ltd entered into a 50/50 joint operation with Daly Waters Energy, LP to form Tamboran (B1) Pty Limited.

Tamboran (B2) Pty Limited

On 9 November 2022, Tamboran (B1) Pty Limited completed the acquisition of Origin Energy's 77.5% share of Beetaloo basin assets, EPs 76, 98, and 117. As a result of the transaction, each party to Tamboran (B1) Pty Limited, Tamboran Resources (through wholly owned Tamboran (West) Pty Ltd) and Sheffield Holdings, LP (through wholly owned Daly Waters Energy, LP) acquired a 38.75% interest in the permits for the total 77.5% interest. Existing partner, Falcon Oil and Gas Australia Limited (Falcon) holds the remaining 22.5%.

Note 17. Earnings per share

	31 Dec 2022	31 Dec 2021
	\$	\$
Loss after income tax	<u>(15,344,205)</u>	<u>(4,910,530)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,008,159,086</u>	<u>669,808,740</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,008,159,086</u>	<u>669,808,740</u>
	Cents	Cents
Basic earnings per share	(1.52)	(0.73)
Diluted earnings per share	(1.52)	(0.73)

Options may potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the periods presented.

Note 18. Share-based payments

Share option plans are currently in place for the Group and details of the schemes can be found in the 30 June 2022 Annual report.

Set out below are summaries of options granted under the plans:

31 Dec 2022

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
20/05/2021	20/05/2026	\$0.2367	7,416,667	-	-	-	7,416,667
20/05/2021	20/05/2026	\$0.3200	10,734,548	-	-	-	10,734,548
20/05/2021	20/05/2026	\$0.4000	16,000,000	-	-	-	16,000,000
28/10/2021	20/05/2026	\$0.4000	20,750,000	-	-	-	20,750,000
17/05/2022	20/05/2026	\$0.4000	400,000	-	-	-	400,000
14/06/2022	20/05/2026	\$0.4000	1,250,000	-	-	-	1,250,000
30/11/2022	20/05/2026	\$0.4000	-	2,850,000	-	-	2,850,000
			56,551,215	2,850,000	-	-	59,401,215

Weighted average exercise price	\$0.3634	\$0.4000	\$0.0000	\$0.0000	\$0.3652
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31 Dec 2021

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
19/04/2021	30/11/2021	\$0.3200	2,819,290	-	-	(2,819,290)	-
20/05/2021	20/05/2026	\$0.3200	10,734,584	-	-	-	10,734,584
20/05/2021	20/05/2026	\$0.2367	7,416,667	-	-	-	7,416,667
20/05/2021	20/05/2026	\$0.4000	16,000,000	-	-	-	16,000,000
28/10/2021	20/05/2026	\$0.4000	-	5,687,500	-	-	5,687,500
28/10/2021	20/05/2026	\$0.4000	-	5,687,500	-	-	5,687,500
28/10/2021	20/05/2026	\$0.4000	-	5,687,500	-	-	5,687,500
28/10/2021	20/05/2026	\$0.4000	-	5,687,500	-	-	5,687,500
			36,970,541	22,750,000	-	(2,819,290)	56,901,251

Weighted average exercise price	\$0.3379	\$0.4000	\$0.0000	\$0.3200	\$0.3636
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For the options granted during the current financial half-year, the Monte-Carlo valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/11/2022	20/05/2026	\$0.2600	\$0.4000	70.0000%	-	3.1160%	\$0.0871
30/11/2022	20/05/2026	\$0.2600	\$0.4000	70.0000%	-	3.1160%	\$0.0677
30/11/2022	20/05/2026	\$0.2600	\$0.4000	70.0000%	-	3.1160%	\$0.0529
30/11/2022	20/05/2026	\$0.2600	\$0.4000	70.0000%	-	3.1160%	\$0.0419

Note 19. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Richard Stoneburner
Chairman of the Board

15 March 2023
Sydney



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Independent auditor's review report to the members of Tamboran Resources Limited

Conclusion

We have reviewed the accompanying half-year financial report of Tamboran Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the principal conditions that raise doubts about the Group's ability to continue as a going concern. These conditions along with other matters disclosed in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us

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believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ryan Fisk
Partner
Sydney
15 March 2023



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