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APPENDIX 4D
Tamboran Resources Corporation
Half Year Report

Company Details

Name of entity	Tamboran Resources Corporation
ARBN	672 879 024
Reporting Period	For the half year ended 31 December 2024
Previous Period	For the half year ended 31 December 2023

Results for announcement to the market

	Six months ended December 31,			
	2024	2023	$ Change	% Change
Revenues from ordinary activities	$ —	$ —	$ —	— %
Loss from ordinary activities after tax attributable to members of Tamboran Resources Corporation	(20,061,520)	(9,216,029)	(10,845,491)	(118)%
Loss attributable to members of Tamboran Resources Corporation	(20,061,520)	(9,216,029)	(10,845,491)	(118)%
Adjusted loss from ordinary activities after tax	(20,061,520)	(9,216,029)	$ (10,845,491)	(118)%

Dividends

No dividends were paid or declared

Additional Information

The following document is the 10-Q prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP") as lodged with the Securities and Exchange Commission on February 12, 2025.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-42149

Tamboran Resources Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**93-4111196** (I.R.S. Employer Identification No.)
Suite 01, Level 39, Tower One, International Towers Sydney 100 Barangaroo Avenue, New South Wales, Australia (Address of Principal Executive Offices)	**2000** (Zip Code)

(+61) 2 8330 6626
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value	TBN	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

The number of shares of common stock, par value $0.001, of Tamboran Resources Corporation outstanding as of February 1, 2025 was 14,536,774.

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Part I - Financial Information

Item 1. Financial Statements.

The Condensed Consolidated Financial Statements of Tamboran Resources Corporation (the "Company") presented herein are unaudited but, in the opinion of management, reflect all adjustments necessary to present fairly such information for the periods and at the dates indicated. All adjustments are of a normal recurring nature. Because the following unaudited Condensed Consolidated Financial Statements have been prepared in accordance with Article 10 of Regulation S-X, they do not contain all information and footnotes normally contained in annual consolidated financial statements; accordingly, they should be read in conjunction with the Consolidated Financial Statements and notes thereto appearing in the Company's Annual Report on Form 10-K for the year ended June 30, 2024.

TAMBORAN RESOURCES CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In dollars)

	Note	December 31, 2024	June 30, 2024
ASSETS			
Current assets			
Cash and cash equivalents		$ 59,442,407	$ 74,745,897
Trade and other receivables:			
Joint interest billing		3,565,181	10,298,322
ATO receivable		2,072,833	700,115
Other tax receivables		45,478	11,514
Assets held for sale	3	—	8,366,000
Prepaid expenses and other current assets		2,188,368	3,209,033
Total current assets		67,314,267	97,330,881
Natural gas properties, successful efforts method:			
Unproved properties	3	264,156,414	230,119,448
Assets under construction - natural gas equipment	3	11,850,337	7,542,064
Property, plant and equipment, net	3	222,898	102,244
Operating lease right-of-use assets	4	833,824	962,052
Finance lease right-of-use assets	4	15,632,023	20,697,452
Prepaid expenses and other non-current assets		2,909,823	1,889,890
Total non-current assets		295,605,319	261,313,150
TOTAL ASSETS		$ 362,919,586	$ 358,644,031
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued expenses	5	$ 22,565,505	$ 14,832,599
Current portion of operating lease obligations	4	279,401	397,999
Current portion of finance lease obligations	4	15,205,744	12,767,400
Total current liabilities		38,050,650	27,997,998
Operating lease obligations	4	573,239	587,250
Finance lease obligations	4	6,618,699	14,141,713
Asset retirement obligations	6	8,523,832	8,140,992
Other non-current liabilities		103,976	90,378
Total non-current liabilities		15,819,746	22,960,333
Total liabilities		53,870,396	50,958,331
Commitments and contingencies (Note 11)			
Stockholders' equity			
Common stock, $0.001 par value, 10,000,000,000 authorized; 14,536,774 and 13,915,524 issued and outstanding at December 31, 2024 and June 30, 2024, respectively.		14,536	13,915
Additional paid-in capital		420,230,876	404,594,023
Accumulated other comprehensive loss		(25,924,767)	(11,512,975)
Accumulated deficit		(150,441,291)	(130,379,771)
Total Tamboran Resources Corporation stockholders' equity		243,879,354	262,715,192
Noncontrolling interest		65,169,836	44,970,508
Total stockholders' equity		309,049,190	307,685,700
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$ 362,919,586	$ 358,644,031

The accompanying notes are an integral part of these condensed consolidated financial statements.

TAMBORAN RESOURCES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)
(In dollars, except share amounts)

	Note	Three months ended December 31, 2024	Three months ended December 31, 2023	Six months ended December 31, 2024	Six months ended December 31, 2023
Revenue and other operating income		$ —	$ —	$ —	$ —
Operating costs and expenses					
Compensation and benefits, including stock-based compensation		(1,682,928)	(506,403)	(3,902,061)	(1,764,394)
Consultancy, legal and professional fees		(1,004,147)	(2,404,404)	(2,683,825)	(3,785,275)
Depreciation and amortization		(30,740)	(29,072)	(61,415)	(58,084)
Loss on remeasurement of assets classified as held for sale	3	—	(25,605)	(376,000)	(25,605)
Accretion of asset retirement obligations	6	(242,066)	(215,282)	(499,804)	(429,597)
Exploration expense		(1,473,303)	(2,482,137)	(2,482,812)	(3,387,001)
LNG feasibility study expense		(3,232,897)	—	(3,232,897)	—
Checkerboard fee	7	(5,950,000)	—	(5,950,000)	—
General and administrative		(1,398,766)	(1,069,047)	(2,804,104)	(1,597,986)
Total operating costs and expenses		(15,014,847)	(6,731,950)	(21,992,918)	(11,047,942)
Loss from operations		(15,014,847)	(6,731,950)	(21,992,918)	(11,047,942)
Other income (expense)					
Interest income, net		705,428	164,743	1,501,471	248,531
Foreign exchange loss, net		(1,227,852)	(888,538)	(1,481,884)	(274,192)
Other income (expense), net		37,167	(64,752)	(282,340)	(199,027)
Total other income (expense)		(485,257)	(788,547)	(262,753)	(224,688)
Net loss		(15,500,104)	(7,520,497)	(22,255,671)	(11,272,630)
Less: Net loss attributable to noncontrolling interest		(1,333,158)	(1,494,166)	(2,194,151)	(2,056,601)
Net loss attributable to Tamboran Resources Corporation stockholders		$ (14,166,946)	$ (6,026,331)	$ (20,061,520)	$ (9,216,029)
Comprehensive income (loss)					
Net loss		$ (15,500,104)	$ (7,520,497)	$ (22,255,671)	$ (11,272,630)
Other comprehensive income (loss)					
Foreign currency translation		(29,158,105)	13,650,998	(17,009,928)	8,333,400
Total comprehensive income (loss)		(44,658,209)	6,130,501	(39,265,599)	(2,939,230)
Less: Total comprehensive income (loss) attributable to noncontrolling interest		(5,358,510)	746,029	(4,792,287)	(655,891)
Total comprehensive income (loss) attributable to Tamboran Resources Corporation stockholders		$ (39,299,699)	$ 5,384,472	$ (34,473,312)	$ (2,283,339)
Net loss per common stock					
Basic and diluted	10	$ (0.987)	$ (0.690)	$ (1.409)	$ (1.070)
Weighted average number of common stock outstanding					
Basic and diluted	10	14,346,556	8,735,752	14,236,753	8,612,217

The accompanying notes are an integral part of these condensed consolidated financial statements.

TAMBORAN RESOURCES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
(In dollars)

	Common stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total Tamboran Resources stockholders' equity	Noncontrolling interest	Total stockholders' equity
Balance at July 1, 2023	$ 7,080	$ 259,298,821	$ (11,310,125)	$ (108,461,300)	$ 139,534,476	$ 21,046,470	$ 160,580,946
Issuance of common stock, net of issuance cost	1,503	34,396,910	—	—	34,398,413	—	34,398,413
Contributions from noncontrolling interest holders	—	—	—	—	—	6,149,495	6,149,495
Stock-based compensation	—	268,403	—	—	268,403	—	268,403
Foreign exchange translation	—	—	(4,478,113)	—	(4,478,113)	(839,485)	(5,317,598)
Net loss	—	—	—	(3,189,698)	(3,189,698)	(562,435)	(3,752,133)
Balance at September 30, 2023	$ 8,583	$ 293,964,134	$ (15,788,238)	$ (111,650,998)	$ 166,533,481	$ 25,794,045	$ 192,327,526
Issuance of common stock, net of issuance cost	1,275	24,954,352	—	—	24,955,627	—	24,955,627
Contributions from noncontrolling interest holders	—	—	—	—	—	4,810,909	4,810,909
Stock-based compensation	—	(798)	—	—	(798)	—	(798)
Foreign exchange translation	—	—	11,410,803	—	11,410,803	2,240,195	13,650,998
Net loss	—	—	—	(6,026,331)	(6,026,331)	(1,494,166)	(7,520,497)
Balance at December 31, 2023	$ 9,858	$ 318,917,688	$ (4,377,435)	$ (117,677,329)	$ 196,872,782	$ 31,350,983	$ 228,223,765

The accompanying notes are an integral part of these condensed consolidated financial statements.

TAMBORAN RESOURCES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
(In dollars)

	Common stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total Tamboran Resources stockholders' equity	Noncontrolling interest	Total stockholders' equity
Balance at July 1, 2024	$ 13,915	$ 404,594,023	$ (11,512,975)	$ (130,379,771)	$ 262,715,192	$ 44,970,508	$ 307,685,700
Issuance of common stock under greenshoe option, net of issuance cost	309	6,930,541	—	—	6,930,850	—	6,930,850
Contributions from noncontrolling interest holders	—	—	—	—	—	5,902,678	5,902,678
Stock-based compensation	—	1,129,450	—	—	1,129,450	—	1,129,450
Foreign exchange translation	—	—	10,720,961	—	10,720,961	1,427,216	12,148,177
Net loss	—	—	—	(5,894,574)	(5,894,574)	(860,993)	(6,755,567)
Balance at September 30, 2024	$ 14,224	$ 412,654,014	$ (792,014)	$ (136,274,345)	$ 275,601,879	$ 51,439,409	$ 327,041,288
Issuance of common stock as checkerboard fee	312	5,949,688	—	—	5,950,000	—	5,950,000
Contributions from noncontrolling interest holders	—	—	—	—	—	19,088,937	19,088,937
Stock-based compensation	—	1,627,174	—	—	1,627,174	—	1,627,174
Foreign exchange translation	—	—	(25,132,753)	—	(25,132,753)	(4,025,352)	(29,158,105)
Net loss	—	—	—	(14,166,946)	(14,166,946)	(1,333,158)	(15,500,104)
Balance at December 31, 2024	$ 14,536	$ 420,230,876	$ (25,924,767)	$ (150,441,291)	$ 243,879,354	$ 65,169,836	$ 309,049,190

The accompanying notes are an integral part of these condensed consolidated financial statements.

TAMBORAN RESOURCES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In dollars)

	Six months ended December 31, 2024	Six months ended December 31, 2023
Cash flows from operating activities:		
Net loss	$ (22,255,671)	$ (11,272,630)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	61,415	58,084
Stock-based compensation	1,834,418	267,605
Foreign exchange loss, net	1,481,884	274,192
Loss on remeasurement of assets classified as held for sale	376,000	25,605
Accretion of asset retirement obligations	499,804	429,597
Checkerboard fee	5,950,000	—
Interest expense	93,532	—
Changes in operating assets and liabilities:		
Trade and other receivables	2,318	(3,167,448)
Prepaid expenses and other assets	679,778	(239,942)
Accounts payable and accrued expenses	2,361,130	2,969,442
Other non-current liabilities	13,598	166,182
Net cash used in operating activities	(8,901,794)	(10,489,313)
Cash flows from investing activities:		
Payments for property, plant and equipment	(196,722)	—
Payments for exploration and evaluation	(42,090,373)	(27,036,860)
Payments for assets under construction	(6,603,096)	—
Proceeds from sale of assets held for sale	7,990,000	444,568
Payment of interest on finance lease liabilities	(1,073,889)	(387,045)
Proceeds from government grants for exploration	6,168,698	—
Net cash used in investing activities	(35,805,382)	(26,979,337)
Cash flows from financing activities:		
Proceeds from issue of common stock	—	63,811,478
Proceeds from issue of shares under greenshoe option	7,410,000	—
Contributions received from noncontrolling interest holders	30,315,756	6,608,717
Common stock issue transaction costs	(479,150)	(4,457,438)
Payment of performance bond facility establishment fee	(382,564)	—
Repayment of lease liabilities	(5,503,668)	(1,721,511)
Net cash from financing activities	31,360,374	64,241,246
Net (decrease) increase in cash and cash equivalents and restricted cash	(13,346,802)	26,772,596
Cash and cash equivalents and restricted cash at the beginning of period	74,745,897	7,056,136
Effects of exchange rate changes on cash and cash equivalents	(1,956,688)	(661,738)
Cash and cash equivalents and restricted cash at the end of period	$ 59,442,407	$ 33,166,994
Supplemental cash flow information:		
Non-cash investing and financing activities:		
Accrued capital expenditure	$ 5,845,825	$ 4,035,841
Asset retirement obligations	$ (444,827)	$ (72,433)
Stock-based compensation	$ (2,756,624)	$ (267,605)
Contribution receivable from noncontrolling interest holders	$ 3,285,517	$ 4,351,687
Operating lease right-of-use assets and lease liabilities	$ (128,228)	$ (774,467)
Interest accrued on finance lease liabilities	$ (414,617)	$ (1,191,036)
Finance lease right-of-use assets and lease liabilities	$ —	$ (25,812,769)
Non-cash finance lease costs capitalized to unproved properties	$ 5,480,046	$ 7,603,229

The accompanying notes are an integral part of these condensed consolidated financial statements.

TAMBORAN RESOURCES CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1 – Business and Basis of Preparation

General

Tamboran Resources Corporation (the “Company” or “Tamboran” and together with its consolidated subsidiaries, the “Group”) is an early-stage growth-oriented natural gas company with a vision of supporting the net zero CO_2 energy transition in Australia and Asia-Pacific through developing low CO_2 unconventional gas resources in the Northern Territory (“NT”) of Australia. The Group is in the exploration and appraisal stage with a current focus on exploiting its primary assets, which are rights to working interests (“Tenements”) in exploration acreage in the Beetaloo sub-basin (“Beetaloo” or “Beetaloo Basin”), NT Australia. To date, the Group has not determined whether the Tenements contain any natural gas reserves that are economically recoverable. Further, the Group had no revenues from its gas operations as of December 31, 2024.

Going Concern and Management’s Liquidity Plan

The accompanying condensed consolidated financial statements have been prepared on the basis that the Group will continue as a going concern which contemplates the realization of assets and the satisfaction of liabilities in the ordinary and usual course of business.

As of December 31, 2024, the Group had:

- not generated revenues since inception, and is unlikely to generate earnings in the immediate or foreseeable future;
- a working capital surplus of $29,263,617, arising from proceeds of our Initial Public Offering (“IPO”), the rig 403 sale proceeds and the refund for 2023 Research and Development (“R&D”) tax credit;
- an accumulated deficit of $150,441,291 since inception; and
- significant expenditures planned for the unproved properties in the next 12 months.

These factors raise substantial doubt regarding the Group’s ability to continue as a going concern for the 12 months following the date these condensed consolidated financial statements were available for issuance. The continuation of the Group as a going concern is dependent upon the ability of the Group to obtain necessary additional capital to fund ongoing exploration, appraisal and development projects and/or obtain gas producing properties to attain future profitable operations. No assurance can be given that the Group will be successful in these efforts in the future.

Management has several plans in various stages of progress to source additional funding to provide operating capital for the continued growth of the Group. As a result, these condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

Basis of Presentation of Condensed Consolidated Financial Statements

The accompanying condensed consolidated financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America (“U.S. GAAP”) and rules and regulations of the Securities and Exchange Commission (“SEC”) applicable to interim financial statements. Pursuant to such rules and regulations, certain disclosures and information required by U.S. GAAP for complete consolidated financial statements have been condensed or omitted. The accompanying condensed consolidated financial statements and notes therein should be read in conjunction with the financial statements and notes included in our consolidated financial statements for the year ended June 30, 2024 (“Group’s Annual Financial Statements”).

These condensed consolidated financial statements reflect all adjustments, in the opinion of management, which include normal and recurring adjustments necessary to fairly state the Group’s consolidated financial position, results of operations, and cash flows for the periods presented herein. The interim results are not necessarily indicative of results for any other future annual or interim period. The June 30, 2024 condensed consolidated balance sheet was derived from the audited Group’s Annual Financial Statements but does not include all disclosures required by U.S. GAAP for annual financial statements.

Significant Judgments and Accounting Estimates

The preparation of these condensed consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts of assets and liabilities, revenue and expenses and related disclosures of contingent assets and liabilities reported in the condensed consolidated financial statements and the accompanying notes. There have been no significant changes to the Group’s accounting estimates from those disclosed in the Group’s Annual Financial Statements.

Significant Accounting Policies

The Group’s significant accounting policies are described in the notes to the consolidated financial statements for the year ended June 30, 2024, included in the Group’s Annual Financial Statements. There have been no significant changes in accounting policies during the six months ended December 31, 2024.

Foreign Currency Translation

These condensed consolidated financial statements are presented in US dollars (“$” or “dollars”) and the functional currency of the Group is the Australian Dollar (“A$”). Adjustments resulting from the translation of functional currency financial statements to reporting currency are accumulated and reported as a part of “Accumulated Other Comprehensive Loss”, a separate component of stockholders’ equity.

Foreign Currency Transactions

Foreign currency transactions are translated into the Company’s functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the condensed consolidated statements of operations and comprehensive loss.

Leases

As a Lessee

The Group accounts for leases under ASC 842, *Leases* (“ASC 842”). The Group determines if an arrangement is a lease at inception of the arrangement and if such lease will be classified as an operating lease or a finance lease. The Group’s leases represent its right to use an underlying asset for the lease term. Right-of-use (“ROU”) assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As the Group’s leases do not provide an implicit rate, the Group used a proxy for its incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment.

The Group has elected to account for lease and non-lease components in its contracts as a single lease component for all asset classes except for office premises.

Operating leases are included in “Operating lease right-of-use assets” within the Group’s condensed consolidated balance sheet. The Group’s related obligation to make lease payments are included in “Current portion of operating lease obligations” and “Operating lease obligations” within the Group’s condensed consolidated balance sheet. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term.

Finance leases are included in “Finance lease right-of-use assets” within the Group’s condensed consolidated balance sheet. The Group’s related obligation to make lease payments are included in “Current portion of finance lease obligations” and “Finance lease obligations” within the Group’s condensed consolidated balance sheet. Finance lease expense includes amortization of the ROU assets and interest on lease liabilities. The Group capitalizes the finance lease expense as a part of unproved properties when the leased asset is directly involved in the drilling of wells (i.e. the finance lease expense is a direct cost of drilling wells).

Leases with a lease term of 12 months or less are not recorded on the condensed consolidated balance sheet and are recognized as lease expense on a straight-line basis over the lease term. When it is reasonably certain the Group will exercise an option to extend the short-term lease beyond 12 months, the cost will be capitalized.

As a Lessor

Sublease income is recognized on a straight-line basis over the term of the sublease agreement and is recorded within "Other expenses, net" in the condensed consolidated statements of operations and comprehensive loss.

Natural Gas Properties

The Group's operations are in the exploration and appraisal stage and has not yet realized any revenues from operations. The Group holds a number of exploration permits that are grouped into areas of interest according to geographical and geological attributes. Expenditure incurred in each area of interest is accounted for using the successful efforts method, as defined within ASC 932, *Extractive Activities – Oil and Gas*.

Under this method, all general exploration and evaluation costs such as geological and geophysical costs are expensed as incurred. The direct costs of acquiring the rights to explore, drilling exploratory wells, and evaluating the results of drilling are capitalized as exploration and evaluation assets (as a part of unproved properties) pending the determination of the results of the well. If a well does not result in hydrocarbons being present, the previously capitalized costs are immediately expensed.

Deferred Debt Issuance Costs

The Group presents unamortized deferred debt issuance costs related to the establishment of a Performance Bond Facility Agreement (the "Facility Agreement") as a component of "Prepaid expenses and other non-current assets" on its consolidated balance sheets because the outstanding balance under this Facility Agreement may fluctuate as the Group borrows and repays the relevant amounts. The Group amortizes the deferred debt issuance costs over the remaining term of the Facility on a straight-line basis which is reported within "interest income, net" in the condensed consolidated statements of operations and comprehensive loss.

Recently Issued Accounting Standards

In November 2024, the Financial Accounting Standards Board ("FASB") issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures* ("ASU 2024-03"), which requires public business entities to provide detailed disclosures in the notes to financial statements disaggregating specific expense categories, including employee compensation, depreciation, and intangible asset amortization, as well as certain other disclosures to provide enhanced transparency into the nature and function of expenses on an interim and annual basis. The new standard is effective for annual periods beginning after December 15, 2026, with early adoption permitted. The Group is currently evaluating ASU 2024-03 and the impact it may have on the Group's consolidated financial statements.

Note 2 – Variable Interest Entities

TB1

Tamboran (B1) Pty Ltd ("TB1") is a 50/50 joint venture between the Company, through its wholly owned subsidiary Tamboran (West) Pty Ltd ("TR West"), and Daly Waters Energy, LP ("DWE") governed by the terms of an amended and restated joint venture and shareholders agreement dated June 3, 2024 (the "TB1 Joint Venture Agreement"). In determining the primary beneficiary of TB1, the Company considered those activities which most significantly impact the economic performance of TB1, include, for example, which entity serves as the manager, determination of the strategy and direction of TB1, and the power to create a budget.

The Group is the sole manager of TB1, responsible for managing the day-to-day operations of TB1. The Group, as manager, also prepares the work plans and budget of TB1. As such the Group has the power to direct those activities which most significantly impact TB1's economic performance and therefore is the primary beneficiary of TB1. As a result, the results of TB1 have been included in the accompanying condensed consolidated financial statements. TB1 has no assets that are collateral for or restricted solely to settle its obligations. The creditors of TB1 do not have recourse to the Group's general credit.

The Group also assessed which party to the TB1 Joint Venture Agreement has the obligation to absorb losses or the right to receive the benefits of the VIE that could potentially be significant to the VIE. The future profits and losses of TB1 are shared by the Group and DWE in proportion to their respective equity interest in TB1, however, to date the Group has contributed a greater proportion of the capital and has no ability to recoup any of the excess funding the Group has made to TB1 from DWE and therefore has a greater exposure to absorb losses.

In 2022 Tamboran Resources Pty Ltd (formerly known as Tamboran Resources Limited) ("TR Ltd."), a wholly owned subsidiary of the Company, made a loan to TR West for purposes of funding TR West's acquisition of its interest in TB1. On November 9, 2022, TB1 completed the acquisition of a 77.5% share of Beetaloo Basin assets, EP 76, EP 98, and EP 117. The Company and DWE each beneficially own a 38.75% interest in the permits for the total undivided interest of 77.5%. Falcon Oil and Gas Australia limited ("Falcon") holds the remaining undivided interest of 22.5% in the assets (collectively known as the "Beetaloo Joint Venture").

On March 4, 2024, Falcon, the owner of the remaining 22.5% interest in the Beetaloo Joint Venture assets, capped its participation to 5% in the Beetaloo Joint Venture's second Shenandoah South well pad ("SS2"). On March 21, 2024, Tamboran B2 Pty Ltd ("TB1 Operator") (a wholly owned subsidiary of TB1 in which the Company has a 50% interest) agreed to acquire Falcon's interest, increasing TB1 Operator's working interest to at least 95% in the wells drilled from the SS2 well pad.

Pursuant to the TB1 Joint Venture Agreement, the parties are required to implement an approach to dividing the permits whereby Tamboran and DWE pursue a division of TB1 Operator's interest in the permits such that the title and ownership of the permits will be split evenly between Tamboran and DWE in the specific area in terms of equity interest and number of operated blocks ("Checkerboard Strategy"). The TB1 Joint Venture Agreement provided that if the Checkerboard Strategy is not implemented by December 31, 2024, due to either:

- the failure to obtain the requisite ministerial approval to effectuate the Checkerboard Strategy; or
- a New Area Joint Venture is not approved by the parties to the Joint Operating Agreement ("JOA") with respect to joint operations of the subject areas, then, by February 15, 2025,

then, the Company must either:

  - pay DWE a cash amount of $7,500,000; or
  - issue CHESS Depository Interests ("CDIs") to DWE with a value of $15,000,000, based on the volume weighted average price of CDIs traded on the Australian Stock Exchange ("ASX") at the time during the 30 days on which sales in CDIs were recorded prior to December 31, 2024.

At the time of the IPO, DWE agreed to waive the $7,500,000 payment obligation in respect of the Checkerboard Strategy in exchange for Tamboran's issue to DWE, or its nominee, of 312,500 shares of common stock (calculated based on the obligation of $7,500,000 divided by the common stock price at the IPO of $24.00 per share), subject to shareholders' approval (Refer Note 7), which was granted in November 2024. The obligation to implement the Checkerboard Strategy does not cease with this issuance of shares.

The following table summarizes the carrying amounts of TB1's assets and liabilities included in the Group's condensed consolidated balance sheet as of December 31, 2024 and June 30, 2024:

	December 31, 2024	June 30, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,230,191	$ 1,488,541
Trade and other receivables:		
Joint interest billing	3,565,181	10,298,322
Intercompany receivable	4,359,082	7,415,684
ATO receivable	2,072,833	615,480
Other receivable	2,463	—
Prepaid expenses and other current assets	1,129,675	1,476,094
Total current assets	22,359,425	21,294,121
Natural gas properties, successful efforts method:		
Unproved properties	210,864,387	167,998,061
Assets under construction - natural gas equipment	11,850,337	7,542,064
Finance lease right-of-use assets	15,632,023	20,697,452
Prepaid expenses and other non-current assets	949,247	385,215
Total non-current assets	239,295,994	196,622,792
TOTAL ASSETS	$ 261,655,419	$ 217,916,913
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$ 17,518,868	$ 10,569,865
Current portion of finance lease obligations	15,205,744	12,767,400
Total current liabilities	32,724,612	23,337,265
Finance lease obligations	6,618,699	14,141,713
Asset retirement obligations	4,575,103	4,174,178
Loan from Tamboran	139,047,677	113,096,572
Total non-current liabilities	150,241,479	131,412,463
TOTAL LIABILITIES	$ 182,966,091	$ 154,749,728

SPCF

In October 2024, the Company, through its wholly owned subsidiary Tamboran SPCF Pty Ltd ("TR SPCF"), entered into a Unit Holders and Shareholders Deed with Daly Waters Infrastructure, LP ("DWI") for the establishment of a trust to be owned 50%/50% by the Company and DWI to own the Sturt Plateau Compression Facility ("SPCF").

The units within the holding trust structure were issued in October, establishing the entity, however, the SPCF assets, currently held by TB1, have not been transferred as of December 31, 2024. The transfer of the assets is underway and is expected to be completed in the third quarter.

Note 3 – Property, Plant and Equipment & Natural Gas Properties

Natural Gas Properties

The Group held unproved natural gas properties as of December 31, 2024 and June 30, 2024, amounting to $264,156,414 and $230,119,448, respectively. These amounts reflect the Group's exploration and evaluation projects, which are pending the determination of proven and probable reserves and were not being depleted for the six months ended December 31, 2024, and 2023. These assets will be reclassified to proven gas properties upon commencement of production and then subsequently depleted.

In October 2024, the Group lodged an amended income tax return for the year ended June 30, 2023 claiming eligible R&D expenditure for EP 136, which resulted in a cash refund of $6,168,698 in December 2024.

During the six months ended December 31, 2024 and December 31, 2023, the Group recognized no impairment related to unproved natural gas properties.

	Natural gas properties			
	EP 161	EP 136	EP 76, 98 and 117	Total
Balance at July 1, 2024	$ 23,744,221	$ 51,035,326	$ 155,339,901	$ 230,119,448
Capital expenditure	780,079	393,707	49,202,640	50,376,426
Restoration assets	—	—	444,827	444,827
Interest on finance lease liability and related depreciation of ROU assets capitalized	—	—	6,553,935	6,553,935
Government grant	—	(6,168,698)	—	(6,168,698)
Effect of changes in foreign exchange rates	(1,606,874)	(3,285,570)	(12,277,080)	(17,169,524)
Balance at December 31, 2024	$ 22,917,426	$ 41,974,765	$ 199,264,223	$ 264,156,414

Property, Plant and Equipment

The Group held property, plant and equipment, including leasehold improvements, as of December 31, 2024 and June 30, 2024, amounting to $222,898 and $102,244, respectively.

Assets Under Construction

In April 2024, the Group began to execute agreements for long lead items required for the SPCF in the Beetaloo Basin. These items included essential plant components comprising of a compressor and dehydration unit that would convert future raw gas to meet sales gas quality, subject to the terms of definitive development agreements. During the six months ended December 31, 2024, the Group completed detailed design of the SPCF and received approval of the Environmental Management Plan (EMP). The Group held total assets under construction related to the SPCF as of December 31, 2024 and June 30, 2024 of $11,850,337 and $7,542,064 respectively.

The 40 TJ/d (39 MMcf/d) SPCF is expected to be connected to the Amadeus Gas Pipeline ("AGP") via the construction of the 35-kilometer Sturt Plateau Pipeline ("SPP") subject to achieving project milestones.

Assets Classified as Held for Sale

In October 2024, the Group completed the disposal of rig 403 at a price of $8,500,000, on which the Group paid a sales commission of 6%. During the six months ended December 31, 2024, the Group recognized a loss on assets held for sale of $376,000 to reduce the asset to the lower of its carrying amount and the fair value less costs to sell (determined based on the sales price above). No gain or loss was recognized on the sale of the rig during the three months ended December 31, 2024 as it had already been reduced to the fair value less costs to sell in the prior quarter.

No other assets remain held for sale as of December 31, 2024.

Note 4 – Leases

As a Lessee

The Group's operating lease activities consist of leases for office premises.

Commencing July 1, 2024, the Group entered into a new lease agreement with Drecom Pty Ltd ATF English Family Trust for their office premises in Darwin, Australia. The term of the lease is three years, with an option to further renew the lease for two years.

On October 1, 2023, the Group entered into a new lease agreement with Lendlease IMT (OITST ST) Pty Ltd for their office premises in Barangaroo, Australia. The term of the lease is four years, with no option to renew.

On September 9, 2022, Sweetpea Petroleum Pty Ltd ("Sweetpea"), a wholly owned subsidiary of Tamboran, entered into a drilling contract with Helmerich & Payne International Holdings LLC ("H&P") for H&P to assist the Group in carrying out its onshore drilling operations in Australia. The drilling contract grants Tamboran the right to use the drilling rig from H&P over the non-cancellable contract term of 25 months starting from July 1, 2023. Under the terms of the agreement, the Group has the right to place the drilling rig on a temporary suspension rate between wells for a period up to 270 days (the “Gap Period”). For each day of the Gap Period consumed, additional days are added to the fixed minimum term. As of December 31, 2024, the end date of the drilling contract for the current rig is mid-July 2026. The drilling contract is recognized as a finance lease under ASC 842 (“H&P Rig Lease”).

The present value of the minimum future obligations was calculated based on an interest rate of 13.5% p.a., which was recognized in finance lease liabilities in the condensed consolidated balance sheet.

The following table presents the classification and location of the Group’s leases on the condensed consolidated balance sheets:

	December 31, 2024	June 30, 2024
Right-of-use assets:		
Operating lease right-of-use assets	$ 833,824	$ 962,052
Finance lease right-of-use assets	15,632,023	20,697,452
	16,465,847	21,659,504
Lease liabilities:		
Current portion of operating lease obligations	279,401	397,999
Non-current portion of operating lease obligations	573,239	587,250
Current portion of finance lease obligations	15,205,744	12,767,400
Non-current portion of finance lease obligations	6,618,699	14,141,713
	$ 22,677,083	$ 27,894,362

For the three months and six months ended December 31, 2024, and 2023, the components of the lease costs were as follows:

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Operating leases:				
Operating lease cost charged to profit and loss	$ 130,028	$ 141,471	$ 287,174	$ 211,985
Finance leases:				
Interest on lease liabilities	692,582	762,171	1,488,506	1,578,081
Depreciation on right-of-use assets	2,532,714	2,927,616	5,065,429	6,025,148
Total finance lease cost	3,225,296	3,689,787	6,553,935	7,603,229
Less: Lease cost capitalized to unproved properties	(3,225,296)	(3,689,787)	(6,553,935)	(7,603,229)
Finance lease cost charged to profit and loss	$ —	$ —	$ —	$ —

The following table presents the cash flow information related to lease payments for the six months ended December 31, 2024, and 2023:

	Six months ended December 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 287,174	$ 211,985
Financing cash flows for finance leases	5,503,668	1,721,511
	$ 5,790,842	$ 1,933,496

The following table presents supplemental information for the Group's non-cancellable leases for the six months ended December 31, 2024, and 2023:

	Six months ended December 31, 2024	Six months ended December 31, 2023
Operating leases:		
Weighted-average remaining lease term	2.91	3.02
Weighted-average incremental borrowing rate	11.50%	9.91%
Finance leases:		
Weighted-average remaining lease term	1.58	1.83
Weighted-average incremental borrowing rate	13.45%	13.45%

As of December 31, 2024, the Group's undiscounted minimum cash payment obligations for its lease liabilities are as follows:

As at December 31, 2024	Operating leases	Finance leases
Fiscal year ending June 30, 2025 (excluding six months period from July 1, 2024 to December 31, 2024)	$ 203,783	$ 8,775,073
Fiscal year ending June 30, 2026	320,503	14,417,500
Fiscal year ending June 30, 2027	330,808	632,000
Thereafter	159,538	—
Total lease payments	1,014,632	23,824,573
Less: Imputed interest	(161,992)	(2,000,130)
Present value of lease liabilities[1]	$ 852,640	$ 21,824,443

[1] *Includes both current and long-term portion of the lease liabilities.*

As a Lessor

On October 15, 2023, the Group entered into an agreement with a third party to sublease its former office premises in Manly, Australia. The commencement date of the sublease was October 1, 2023, with a lease term of 17 months. Sublease income for the three months and six months ended December 31, 2024, was $92,669 and $174,306, respectively, and is included within "Other expenses, net" on the Group's condensed consolidated statements of operations and comprehensive loss. There have been no indications of impairment related to the underlying right-of-use asset.

Note 5 – Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included in current liabilities consist of the following:

	December 31, 2024	June 30, 2024
Accounts payable	$ 11,242,126	$ 6,619,320
Accrued payroll	755,943	13,216
Compensated absences	737,818	668,825
Defined contribution superannuation payable	—	8,164
Accrued capital expenditure	9,537,516	4,318,703
Accrued expenses	292,102	3,204,371
Total accounts payable and accrued expenses	$ 22,565,505	$ 14,832,599

Note 6 – Asset Retirement Obligations

The Group recognizes the liability for an asset retirement obligation at their estimated fair value in the period in which the obligation originates. Fair value is estimated using the present value technique (level 2) based on a number of observable inputs including estimates and assumptions such as future retirement costs, future inflation rates and the Group's credit-adjusted risk-free interest rate.

The Group capitalized the present value of the estimated asset retirement obligations as a part of the carrying amount of the related natural gas properties. The liability has been accreted to its present value for six months ended December 31, 2024.

The reconciliation of changes in asset retirement obligations for the six months ended December 31, 2024, is as follows:

	Six months ended December 31, 2024
Beginning asset retirement obligations	$ 8,140,992
Liabilities incurred	444,827
Accretion expense	499,804
Effect of changes in foreign exchange rates	(561,791)
Long-term asset retirement obligations	$ 8,523,832

Note 7 – Stockholders' Equity

Movement in Common Stock

	Date	Tamboran common stock	Fair Market Value at time of Issuance	Details	Net proceeds
Balance at July 1, 2024		**13,915,524**			**$ 396,924,177**
Capital raise	July 2024	308,750	$ 24.00	$ 7,410,000	
Issuance of common stock as checkerboard fee	November 2024	312,500	$ 19.04	$ 5,950,000	
Less: Transaction costs		—		$ (479,150)	12,880,850
Balance at December 31, 2024		14,536,774			**$ 409,805,027**

July 2024 Greenshoe Option

Subsequent to the IPO in June 2024, the underwriters exercised the greenshoe option granted to them to purchase additional shares of common stock of the Company. Under this option, underwriters purchased a total of 308,750 shares of common stock of the Company on July 30, 2024. The net proceeds from the IPO and from the issuance under the greenshoe option will be used for natural gas exploration and appraisal activities, progressing the Group's three phases of development and other general corporate purposes.

November 2024

At the time of the IPO, DWE agreed to waive the $7,500,000 payment obligation in respect of the Checkerboard Strategy provided that Tamboran issue to DWE, or its nominee, 312,500 shares of common stock. The number of shares to be issued to satisfy the obligation was calculated as $7,500,000 divided by the IPO share price of $24.00. The issuance of these shares in satisfaction of the obligation was subject to shareholder approval.

Shareholder approval took place at the Annual General Meeting on November 4, 2024 which was determined to be the grant date for the purpose of valuing the common stock. From the time of the IPO in June 2024 to shareholder approval in November 2024, the fair market value of the shares decreased from $24.00 to $19.04, while the number of shares to be issued remained the same. The issuance of these shares completed the satisfaction of the above obligation in respect of the Checkerboard Strategy (the "Checkerboard fee") (Refer Note 2).

Note 8 – Stock-Based Compensation

Milestone Options

During the six months ended December 31, 2024, the Group did not grant any new milestone options to its employees and no milestone options were forfeited.

The Company accelerated the recognition of the remaining expense for milestone options during the six months ended December 31, 2024. The Group recognized $138,996 (inclusive of accelerated expense) and $267,605, as stock-based compensation expense related to milestone options for the six months ended December 31, 2024, and December 31, 2023, respectively. No expense was recognized for the three months ended December 31, 2024. In November 2023, 3,000,000 milestone options were forfeited due to a leaver, resulting in the reversal of previously incurred expense during the three months ended December 31, 2023. This resulted in no expense for milestone options during six months ended December 31, 2023.

Restricted Stock Units

On August 6, 2024, the Group adopted the 2024 Incentive Award Plan (the "2024 Plan"). As of December 31, 2024, the maximum number of shares of common stock that may be issued under the 2024 Plan was 1,600,000 shares.

The 2024 Plan, allows, among other things, for the grant of Restricted Stock Units ("RSUs"). On August 6, 2024, the Group issued RSUs to certain eligible service providers, employees and executive officers (the "participants") to provide them an opportunity to participate in the growth and profits of the Group and to attract, motivate, and retain their services to promote the long-term success of the Group.

On August 6, 2024, the Company granted 47,400 Restricted Stock Units ("Retention Awards") to its employees in Australia and U.S. The Retention Awards granted to Australian employees entitle them to CDIs representing 39,250 shares of common stock (each CDI represents 1/200th of a share of common stock). Similarly, the Retention Awards granted to U.S. employees entitle them to 8,150 shares of common stock. The vesting conditions state that all Retention Awards will vest in full on December 31, 2025, provided the employee remain in service as of the vesting date. The fair value at grant date of the Retention Awards was $21.73 per common stock and $0.109 per CDI.

On August 6, 2024, the Company also granted 795,000 Restricted Stock Units ("IPO Awards") to its employees in Australia and U.S. The IPO Awards granted to Australian employees entitle them to CDIs representing 620,000 shares of common stock. Similarly, the IPO Awards granted to U.S. employees entitle them to 175,000 shares of common stock. The IPO Awards will vest in following three tranches:

- Tranche 1 – 397,500 IPO Awards granted to Australian and U.S. employees will vest in full on July 3, 2027, provided the employee remains in service as of the vesting date. The fair value at grant date of Tranche 1 was $21.73 per common stock and $0.109 per CDI.
- Tranche 2 – 98,750 IPO Awards granted to Australian and U.S. employees will vest subject to the completion of the Group's Phase 1 Development Plan to establish first production of the Shenandoah South Pilot Project and establish first production of 40 TJ/d measured by completion of the milestones ("Vesting Trigger Conditions"). Full vesting of Tranche 2 may occur at any time between July 3, 2027, and July 3, 2029, should the Vesting Trigger Conditions be satisfied, or unless otherwise determined by the Board of the Company. The fair value at grant date of Tranche 2 was $21.73 per common stock and $0.109 per CDI.
- Tranche 3 – 298,750 IPO Awards granted to Australian and U.S. employees will vest subject to the Company's Total Shareholder Return ("TSR") reaching or exceeding the 75th percentile of the Benchmark Index TSR between July 3, 2027, and July 3, 2029. TSR will be measured against the S&P SmallCap 600 Energy (or any other market index determined by the Board in their sole discretion) ("Benchmark Index") over the same performance measurement period. The fair value at grant date of Tranche 3 was $19.64 per common stock and $0.098 per CDI.

The grant date fair value of the Tranche 3 RSUs were determined through the use of the Monte Carlo simulation method. This method requires the use of subjective assumptions such as the price and the expected volatility of the Company's common stock and its self-determined peer group companies' stock, risk free rate of return, and cross-correlations between the Company and its peer group companies. Expected volatilities for the Company and each peer company utilized in the model are estimated using a historical period consistent with the awards' remaining performance period as of the grant date. The risk-free interest rate is based on the yield on U.S. Treasury Constant Maturity for a term consistent with the remaining performance period. The valuation model assumes dividends, if any, are immediately reinvested.

The following table summarizes the assumptions used to calculate the grant date fair value of the Tranche 3 RSUs granted on August 6, 2024:

Expected term for performance period (in years)	4.9
Expected volatility	74.6%
Risk-free interest rate	3.7%

The Retention Awards and IPO Awards entitle the participants to receive the equivalent value (in cash or shares of common stock/CDIs) of dividends paid on shares of common stock and CDIs, respectively.

The RSUs are not transferable. There are no participation rights or entitlements inherent in the RSUs and the participants will not be entitled to participate in new issues of capital offered to stockholders or holders of CDIs.

If the Company makes a bonus issue of common stock, CDIs, or other securities to existing stockholders or holders of CDIs (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of shares of common stock or CDIs that must be issued on the exercise of a Retention Award or IPO Award, respectively, will be increased by the number of shares of common stock or CDIs that the participant would have received if the participant had exercised the RSUs before the record date for the bonus issue.

The following table presents the stock-based compensation costs recognized related to our RSUs for the three months and six months ended December 31, 2024:

	Three months ended December 31, 2024		
	Stock-Based Compensation Cost Incurred	**Remaining costs to recognize, if all vesting conditions are met**	**Weighted average remaining contractual term (in years)**
IPO Awards (Tranche 1)	$ 748,273	$ 7,433,931	2.5
IPO Awards (Tranche 2)	$ 185,892	$ 1,846,794	2.5
IPO Awards (Tranche 3)	$ 508,291	$ 5,049,764	2.5
Retention Awards	$ 184,718	$ 732,847	1.0
Total Cost Incurred	**$ 1,627,174**	**$ 15,063,336**	
Total Stock Compensation Costs Capitalized	899,092		
Total Stock Compensation Costs Expensed	$ 728,082		
Total Cost Incurred	**$ 1,627,174**		

	Six months ended December 31, 2024		
	Stock-Based Compensation Cost Incurred	**Remaining costs to recognize, if all vesting conditions are met**	**Weighted average remaining contractual term (in years)**
IPO Awards (Tranche 1)	$ 1,203,744	$ 7,433,931	2.5
IPO Awards (Tranche 2)	$ 299,043	$ 1,846,794	2.5
IPO Awards (Tranche 3)	$ 817,686	$ 5,049,764	2.5
Retention Awards	$ 297,155	$ 732,847	1.0
Total Cost Incurred	**$ 2,617,628**	**$ 15,063,336**	
Total Stock Compensation Costs Capitalized	899,092		
Total Stock Compensation Costs Expensed	$ 1,718,536		
Total Cost Incurred	**$ 2,617,628**		

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Note 9 – Income Taxes

The effective tax rates for the three months and six months ended December 31, 2024, and 2023 were nil. The Group's effective tax rate differed from the applicable statutory income tax rate due to operating losses incurred for the three months and six months ended December 31, 2024, and 2023. The Group has accumulated losses for tax purposes as of December 31, 2024, in the amount of $301,247,473 which may be carried forward and offset against taxable income in the future for an indefinite period, subject to meeting Australian tax rules around continuity of ownership or business continuity test.

As of December 31, 2024, and June 30, 2024, the Group did not have any uncertain tax positions.

Note 10 – Loss Per Share

Basic net loss per share applicable to common stockholders is computed by dividing earnings applicable to common stockholders by the weighted average number of common shares outstanding. Diluted loss per share assumes the conversion of any convertible securities using the treasury stock method.

The computations for basic and diluted loss per share are as follows:

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Numerator:				
Net loss after income tax attributable to Tamboran Resources Corporation stockholders	$ (14,166,946)	$ (6,026,331)	$ (20,061,520)	$ (9,216,029)
Denominator:				
Weighted average number of common stock outstanding, basic and diluted	14,346,556	8,735,752	14,236,753	8,612,217
Net loss per share, basic and diluted	$ (0.987)	$ (0.690)	$ (1.409)	$ (1.070)

The Company's potentially dilutive shares, which include outstanding milestone options and RSUs, have not been included in the computation of diluted net loss per share for the three months and six months ended December 31, 2024, and 2023 as the result would be anti-dilutive.

Note 11 – Commitments and Contingencies

From time to time, the Group may be subject to various claims, title matters and legal proceedings arising in the ordinary course of business, including environmental contamination claims, personal injury and property damage claims, claims related to joint interest billings and other matters under natural gas operating agreements and other contractual disputes. The Group maintains general liability and other insurance to cover some of these potential liabilities. All known liabilities are fully accrued based on the Group's best estimate of the potential settlement amount. While the outcome and impact on the Group cannot be predicted with certainty, the Group believes that its ultimate liability with respect to any such matters will not have a significant impact or material adverse effect on its financial positions, results of operations or cash flows. Results of operations and cash flows, however, could be significantly impacted in the reporting periods in which such matters are resolved.

Capital Commitments

	December 31, 2024	June 30, 2024
Committed at the reporting date but not recognized as liabilities, payable:		
Sweetpea	$ 21,860,137	$ 23,283,360
EP 161	2,487,640	2,649,600
Beetaloo Joint Venture	70,400,212	62,642,340
Midstream	1,195,542	1,971,843

Sweetpea

Sweetpea's committed spend as of December 31, 2024, was $21,860,137 which was related to two licenses, EP 136 with total commitments of $13,215,588 and EP 143 with total commitments of $8,644,549.

A renewal application for EP 136 was submitted to the Department of Mining and Energy ("DME") (formerly the Department of Industry, Tourism and Trade) in September 2023, and approved in July 2024, granting a five-year extension for the period July 24, 2025 to July 23, 2030 with a minimum work program commitment of $13,215,588.

A variation application for EP 143 was submitted to DME in August 2024, and approved in October 2024. The total minimum work program commitments remain the same at $8,644,549 with activity and associated spend being transferred within the license term.

EP 161

For the EP 161 working interest, we are obligated to contribute our share of expenses to uphold our stake in this permit, for which Santos Limited is the operator. Our commitment through March 2026 is expected to be $2,487,640 based on the minimum work requirements. There are no minimum commitment requirements after March 2026.

Beetaloo Joint Venture

An application was submitted to DME in September 2024 to vary the year 2 and 3 work program, and was approved in November 2024. The terms of the Beetaloo Joint Venture continue to necessitate specific minimum work obligations through May 2028. These commitments include an expected spend of $70,400,212 related to drilling and multi-stage hydraulic fracturing of four wells, 3D seismic survey, and subsurface studies, with expenditure across EP 76 of $10,121,584, EP 98 of $49,313,576 and EP 117 of $10,965,052.

Midstream

Procurement of the long lead items for the SPCF compressor package and dehydration package were placed in June 2024 with progress payments of $1,195,542 required prior to the end of 2025.

Environmental

The Group's operations are subject to risks normally associated with the drilling, completion and production of oil and gas, including blowouts, fires, and environmental risks such as oil spills or gas leaks that could expose the Group to liabilities associated with these risks.

In the Group's acquisition of existing or previously drilled well bores, the Group may not be aware of prior environmental safeguards, if any, that were taken at the time such wells were drilled or during such time the wells were operated. The Group maintains comprehensive insurance coverage that it believes is adequate to mitigate the risk of any adverse financial effects associated with these risks.

However, should it be determined that a liability exists with respect to any environmental cleanup or restoration, the liability to cure such a violation could still fall upon the Group. No claim has been made, nor is the Group aware of any liability which the Group may have, as it relates to any environmental cleanup, restoration, or the violation of any rules or regulations relating thereto except for the matter discussed above.

Legal Proceedings

The Group is a party to legal proceedings encountered in the ordinary course of its business. While the ultimate outcome and impact to the Group cannot be predicted with certainty, in the opinion of management, it is remote that these legal proceedings will have a material adverse impact on the Group's condensed consolidated financial condition, results of operations or cash flows.

Other Commitments and Contingencies

As part of its ongoing business and operations, the Group is required to provide bank letters of credit and bank guarantees for various purposes, including environmental remediation, reclamation, construction costs and other general corporate purposes.

On December 19, 2024, TR Ltd., as guarantor, entered into the Facility Agreement with TR West, as borrower, each a wholly-owned subsidiary of the Company, as obligors, and Macquarie Bank Limited ("Macquarie"), as lender. The Facility Agreement provides TR West with A$25,000,000 in availability ("Facility A") for letters of credit and bank guarantees ("performance bonds"), and includes two potential additional performance bond facilities, each in the amount of A$5,000,000 ("Facility B" and "Facility C," respectively, and collectively, the "Facilities"). Availability under the Facility B and Facility C is subject, among other conditions, to the Company raising additional capital in the amounts of at least A$62,500,000 and A$75,000,000, respectively. All Facilities terminate on December 19, 2027. The obligations under the Facility Agreement are unconditionally guaranteed on a senior secured basis by TR Ltd.

The Facilities are subject to customary representations, warranties and ongoing affirmative and negative covenants and agreements. The Group is required to maintain Minimum Liquidity of A$20,000,000 and have a current ratio of at least 1:1. The Facility Agreement provides for events of default that include, among others, nonpayment of any amount due under the Facility Agreement, breach of covenants and certain events of bankruptcy or insolvency. If an event of default occurs, Macquarie will be able to, among other things, terminate the commitments immediately, declare any amounts outstanding to be due and payable in whole or in part, and exercise other rights and remedies. The Group was in compliance with all terms of the Facility Agreement as of December 31, 2024.

In relation to Facility A, the Group incurred an establishment fee of A$500,000. The outstanding letters of credit and bank guarantees under the Facilities are subject to a drawdown fee of 10% per annum, payable quarterly in arrears. The Group is also required to pay a commitment fee of 4% per annum, payable quarterly in arrears, on the average monthly unused amount of the Facilities. If the borrower fails to pay any amount payable under the Facility Agreement by the due date, interest accrues on the overdue amount at a rate of 12% per annum, payable quarterly in arrears.

As of December 31, 2024, there was A$6,360,000 of letters of credits issued under the Facility Agreement. As of December 31, 2024 there was A$18,640,000 of unused credit under Facility A and A$10,000,000 of unused credit under Facility B and Facility C.

Costs incurred in connection with securing the Facility Agreement, including fees paid to legal advisors and third parties, are deferred and amortized to interest expense over the term of the Facility Agreement. As of December 31, 2024, total unamortized debt issuance costs were A$828,480. During the three months and six months ended December 31, 2024, the Group recorded A$23,671, as amortization of deferred debt issuance costs as a part of interest expense.

In December 2024, Tamboran B1 Operator signed a Development Agreement ("DA") with APA Group ("APA") that defines the conditions under which APA will design and construct the SPP. Under the DA, Tamboran B1 Operator is required to put in place bank guarantees that cover approximately two-thirds of APA's projected construction cost. Tamboran's share of the bank guarantees over the next six months is estimated to be A$15.0 million. Pursuant to the Gas Transportation Agreement ("GTA") signed with APA, the bank guarantees will be released by APA once certain performance conditions are met and first gas has been delivered to the NT Government under the Gas Sales Agreement ("GSA"). APA may call on the bank guarantees if certain defaults under the DA or GTA remain unremedied, which in turn triggers a requirement by Tamboran B1 Operator to deposit cash amounts sufficient to cover the bank guarantees under the Facility Agreement with Macquarie.

Note 12 – Related Party Transactions

The Group transacts with two shareholders identified as related parties, H&P and Mr. Bryan Sheffield ("Mr. Sheffield"). The transactions during the six months ended December 31, 2024 are as follows.

H&P

During the year ended June 30, 2023, the Group entered into a strategic alliance with H&P and secured a $15,000,000 equity investment from H&P (and as a consequence, a member of the H&P Executive Leadership Team was appointed as a director of the Group). The strategic alliance resulted in H&P supporting the Group's development plans in the Beetaloo Basin through their equity investment in the Company while at the same time executing on H&P's strategy to gain more international exposure through the use of drilling rigs in Australia.

On July 1, 2023, the lease commenced with H&P for the use of the FlexRig® for a 25-month period (Refer Note 4). During the three months and six months ended December 31, 2024, the Group incurred cost of $4,147,721 and $8,099,387 relating to a combination of site mobilization, standby, drilling, labor and rig move costs, $4,065,814 of which remains invoiced and unpaid as of December 31, 2024.

Mr. Sheffield

During the three months ended and the six months ended December 31, 2024, the Group transacted with DWE, which is wholly owned by Formentera Australia Fund, LP, which is managed by Formentera Partners, LP, a private equity firm of which Mr. Sheffield serves as managing partner. Given the equity investments made by Mr. Sheffield in prior periods, an individual employed by Formentera Partners, LP, was appointed director of the group in September 2023. Mr. Sheffield has been a shareholder in the Company since November 2021.

The Group and DWE jointly own a 50/50 joint venture referred to as TB1 (Refer Note 2).

During the three months ended December 31, 2024, DWE's share of expenditure for the Beetaloo Joint Venture and SPCF for which contributions were due was $18,782,971. During the six months ended December 31, 2024, DWE's share of expenditure for the Beetaloo Joint Venture and SPCF for which contributions were due was $24,951,794. As of December 31, 2024, the Group had unpaid cash calls owing from DWE in the amount of $3,285,517.

During the six months ended December 31, 2024, the Company issued 312,500 shares of Common Stock in satisfaction of the Group's obligation towards the Checkerboard fee (Refer Note 2 and Note 7).

Note 13 – Subsequent Events

In January 2025, Sturt Plateau Compression Facility Sub Trust Pty Ltd as Trustee of the Sturt Plateau Compression Facility Sub Trust executed a contract with Enscope Pty Ltd for an anticipated contract value of up to A$35,300,000 (including 10% contingency). The contract relates to the engineering, procurement, and construction management (“EPCM”) for the detailed design, engineering, planning, construction, testing, inspection, commissioning, document and hand over to Sturt Plateau Compression Facility Sub Trust of the infrastructure known as the SPCF.

The Group has evaluated its subsequent events occurring after December 31, 2024, through February 12, 2025, which represents the date these condensed consolidated financial statements were available to be issued. No further subsequent events have been identified that would require disclosure in these condensed consolidated financial statements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward-looking statements can be identified by words such as: “anticipate,” “intend,” “plan,” “goal,” “commit,” “seek,” “believe,” “project,” “estimate,” “expect,” “strategy,” “future,” “likely,” “may,” “should,” “will” and similar references to future periods.

It is possible that the future financial performance of Tamboran Resources Corporation (the “Company”) may differ from expectations due to a variety of factors, including but not limited to: our early stage of development with no material revenue expected until 2026 and our limited operating history; the substantial additional capital required for our business plan, which we may be unable to raise on acceptable terms; our strategy to deliver natural gas to the Australian East Coast and select Asian markets being contingent upon constructing additional pipeline capacity, which may not be secured; the absence of proved reserves and the risk that our drilling may not yield natural gas in commercial quantities or quality; the speculative nature of drilling activities, which involve significant costs and may not result in discoveries or additions to our future production or reserves; the challenges associated with importing U.S. practices and technology to the Northern Territory, which could affect our operations and growth due to limited local experience; the critical need for timely access to appropriate equipment and infrastructure, which may impact our market access and business plan execution; the operational complexities and inherent risks of drilling, completions, workover, and hydraulic fracturing operations that could adversely affect our business; the volatility of natural gas prices and its potential adverse effect on our financial condition and operations; the risks of construction delays, cost overruns, and negative effects on our financial and operational performance associated with midstream projects; the potential fundamental impact on our business if our assessments of the Beetaloo are materially inaccurate; the concentration of all our assets and operations in the Beetaloo, making us susceptible to region-specific risks; the substantial doubt raised by our recurring operational losses, negative cash flows, and cumulative net losses about our ability to continue as a going concern; complex laws and regulations that could affect our operational costs and feasibility or lead to significant liabilities; community opposition that could result in costly delays and impede our ability to obtain necessary government approvals; exploration and development activities in the Beetaloo that may lead to legal disputes, operational disruptions, and reputational damage due to native title and heritage issues; the requirement to produce natural gas on a Scope 1 net zero basis upon commencement of commercial production, with internal goals for operational net zero, which may increase our production costs; the increased attention to environmental, social and governance (“ESG”) matters and environmental conservation measures that could adversely impact our business operations; risks related to our corporate structure; risks related to our common stock and CDIs; and the other risk factors discussed in the this report and the Company’s filings with the Securities and Exchange Commission (the “SEC”).

It is not possible to foresee or identify all such factors. Any forward-looking statements in this report are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate in the circumstances. Forward-looking statements are not a guarantee of future performance and actual results or developments may differ materially from expectations. While the Company continually reviews trends and uncertainties affecting the Company’s results of operations and financial condition, the Company does not assume any obligation to update or supplement any particular forward-looking statements contained in this report, except as required by law.

Additionally, certain forward-looking and other statements in this report or other locations, such as the Company’s corporate website, regarding ESG matters are informed by various ESG standards and frameworks (which may include standards for the measurement of underlying data) and the interests of various stakeholders. Accordingly, such information may not be, and should not be interpreted as necessarily being “material” under the federal securities laws for SEC reporting purposes, even if the Company uses the word “material” or “materiality” in such discussions. ESG information is also often reliant on third-party information or methodologies that are subject to evolving expectations and best practices, and the Company’s approach to and discussion of these matters may continue to evolve as well. For example, the Company’s disclosures may change due to revisions in framework requirements, availability of information, changes in its business or applicable governmental policies, or other factors, some of which may be beyond its control.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by, our condensed consolidated financial statements, the accompanying notes to the condensed consolidated financial statements and other financial information included in this report and in our Annual Report on Form 10-K for the year ended June 30, 2024. For further information on items that could impact our financial condition and operating performance, see the section entitled "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended June 30, 2024, and "Cautionary Note Regarding Forward-Looking Statements" in this report.

The following tables present selected financial information for the periods presented (dollar amounts in thousands):

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Revenue and other operating income	$ —	$ —	$ —	$ —
Operating costs and expenses:				
Compensation and benefits, including stock-based compensation	(1,683)	(506)	(3,902)	(1,764)
Consultancy, legal and professional fees	(1,004)	(2,404)	(2,684)	(3,785)
Depreciation and amortization	(31)	(29)	(61)	(58)
Loss on remeasurement of assets classified as held for sale	—	(26)	(376)	(26)
Accretion of asset retirement obligations	(242)	(215)	(500)	(430)
Exploration expense	(1,473)	(2,482)	(2,483)	(3,387)
LNG feasibility study expense	(3,233)	—	(3,233)	—
Checkerboard fee	(5,950)	—	(5,950)	—
General and administrative	(1,399)	(1,069)	(2,804)	(1,598)
Total operating costs and expenses	(15,015)	(6,731)	(21,993)	(11,048)
Other income (expense):				
Interest income, net	705	165	1,501	249
Foreign exchange loss, net	(1,228)	(889)	(1,482)	(274)
Other income (expense), net	37	(65)	(282)	(199)
Total other income (expense)	(486)	(789)	(263)	(224)
Net loss	(15,501)	(7,520)	(22,256)	(11,272)
Foreign currency translation	(29,158)	13,651	(17,010)	8,333
Total comprehensive income (loss) attributable to noncontrolling interest	(5,359)	746	(4,792)	(656)
Total comprehensive income (loss) attributable to Tamboran Resources stockholders	$ (39,300)	$ 5,385	$ (34,474)	$ (2,283)

Results of Operations for the Three Months Ended December 31, 2024 and 2023

Revenue and other operating income. We have not yet commenced natural gas production, therefore, we did not earn any revenue and other operating income during the three months ended December 31, 2024 and 2023, respectively.

Compensation and benefits, including stock-based compensation. Compensation and benefits, including stock-based compensation, increased by $1.2 million during the three months ended December 31, 2024, as compared to the three months ended December 31, 2023, due primarily to the restricted stock units granted in August 2024 and increased headcount as compared to the comparative period.

Consultancy, legal and professional fees. Consultancy, legal and professional fees decreased by $1.4 million during the three months ended December 31, 2024, as compared to the three months ended December 31, 2023, due to professional fees related to implementation of the scheme of arrangement and IPO readiness incurred in the comparative period in 2023 with no comparable activity during the three months ended December 31, 2024.

Loss on remeasurement of assets classified as held for sale. The Group did not recognize a loss on assets classified as held for sale during the three months ended December 31, 2024 as the value of the rig sold during the period had been reduced to the lower of its carrying amount and the fair value less costs to sell in the prior quarter. For the three months ended December 31, 2023 the Group recognized a loss on assets classified as held for sale amounting to $0.03 million as a result of the sale of rig 301 during the comparative period.

Accretion of asset retirement obligations expense. For the three months ended December 31, 2024, an expense for accretion of asset retirement obligations of $0.2 million was recognized. The recognition of such an expense was due to the accretion of asset retirement obligation liabilities in relation to all EPs, inclusive of EPs 76, 98, 117, 136 and 161, as well as the SPCF pad.

Exploration expense. Exploration expense decreased by $1.0 million during the three months ended December 31, 2024, as compared to three months ended December 31, 2023, due to increased topographical, geographical and geophysical studies and other indirect expenditure in the comparative period.

LNG feasibility study expense. During the three months ended December 31, 2024, the Group incurred expenses of $3.2 million related to certain studies and pre-front-end engineering and design services related to the proposed NT LNG facility.

Checkerboard fee. During the three months ended December 31, 2024, the Group incurred an expense of $6.0 million related to the satisfaction of certain payment obligations to DWE under the TB1 Joint Venture Agreement. This obligation was satisfied through the issuance of common stock, subsequent to shareholder approval received in November 2024.

General and administrative. General and administrative costs increased by $0.3 million during the three months ended December 31, 2024, as compared to the three months ended December 31, 2023, as a result of increased expenses related to headcount, travel, insurance, and office and administrative fees.

Interest income, net. Interest income, net increased by $0.5 million during the three months ended December 31, 2024, as compared to the three months ended December 31, 2023, due to interest received from term deposits using IPO proceeds during the period ended December 31, 2024 which did not exist during the comparative period.

Foreign currency translation. For the three months ended December 31, 2024, we recognized a foreign currency translation loss of $29.2 million, primarily due to the weakening of the Australian Dollar as of December 31, 2024, as compared to September 30, 2024. In the three months ended December 31, 2023, we recognized a foreign currency translation gain of $13.7 million, primarily due to the strengthening of the Australian Dollar as of December 31, 2023, as compared to September 30, 2023. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at fiscal year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized on our condensed consolidated statement of operations and comprehensive loss.

Income tax expense. We have no income tax expense due to operating losses incurred for the three months ended December 31, 2024, and 2023. We have provided a full valuation allowance on our net deferred tax asset because management has determined that it is more likely than not that we will not earn income sufficient to realize the deferred tax assets during a foreseeable future period. Management will continue to assess the potential for realizing deferred tax assets based upon income forecast data and the feasibility of future tax planning strategies and may record adjustments to the valuation allowance against deferred tax assets in future periods, as appropriate, that could have a material impact on the condensed consolidated statement of operations and comprehensive loss.

Result of Operations for the Six Months Ended December 31, 2024 and 2023

Revenue and other operating income. We have not yet commenced natural gas production, therefore, we did not earn any revenue and other operating income during the six months ended December 31, 2024 and 2023, respectively.

Compensation and benefits, including stock-based compensation. Compensation and benefits, including stock-based compensation, increased by $2.1 million during the six months ended December 31, 2024, as compared to the six months ended December 31, 2023, due primarily to the restricted stock units granted in August 2024 and increased headcount as compared to the comparative period.

Consultancy, legal and professional fees. Consultancy, legal and professional fees decreased by $1.1 million during the six months ended December 31, 2024, as compared to the six months ended December 31, 2023, due to professional fees related to related to implementation of the scheme of arrangement and IPO readiness incurred in the comparative period in 2023 with no comparable activity during the three months ended December 31, 2024.

Loss on remeasurement of assets classified as held for sale. The Group recognized a loss on assets classified as held for sale amounting to $0.4 million during the six months ended December 31, 2024, due to the write down of rig 403 to the fair value less costs to sell. In contrast, a loss on assets classified as held for sale amounting to $0.03 million was recognized during the six months ended December 31, 2023, due to the sale of a smaller rig, rig 301.

Accretion of asset retirement obligations expense. For the six months ended December 31, 2024, an expense for accretion of asset retirement obligations of $0.5 million was recognized. The recognition of such an expense was due to the accretion of asset retirement obligation liabilities in relation to all EPs, inclusive of EPs 76, 98, 117, 136 and 161, as well as SPCF for the new well and related well pads drilled during the period. As the Group drilled two additional wells and established the SPCF site during the six months ended December 31, 2024, the expense for the current period has increased marginally from that of the comparative period.

Exploration expense. Exploration expense decreased by $0.9 million during the six months ended December 31, 2024, as compared to six months ended December 31, 2023, due to increased activity for topographical, geographical and geophysical studies and other indirect expenditure in the comparative period.

LNG feasibility study expense. During the six months ended December 31, 2024, the Group incurred expenses of $3.2 million related to certain studies and pre-front-end engineering and design services related to the proposed NT LNG facility.

Checkerboard fee. During the six months ended December 31, 2024, the Group incurred an expense of $6.0 million related to the satisfaction of certain payment obligations to DWE under the TB1 Joint Venture Agreement. This obligation was satisfied through the issuance of common stock, subsequent to shareholder approval received in November 2024.

General and administrative. General and administrative costs increased by $1.2 million during the six months ended December 31, 2024, as compared to the six months ended December 31, 2023, as a result of increased expenses related to headcount, travel, insurance, and office and administrative fees.

Interest income, net. Interest income, net increased by $1.3 million during the six months ended December 31, 2024, as compared to the six months ended December 31, 2023, due to interest received from term deposits using IPO proceeds during the period ended December 31, 2024 which did not exist during the comparative period.

Foreign currency translation. For the six months ended December 31, 2024, we recognized a foreign currency translation loss of $17.0 million, primarily due to the weakening of the Australian Dollar as of December 31, 2024, as compared to July 1, 2024. In the six months ended December 31, 2023, we recognized a foreign currency translation gain of $8.3 million, primarily due to the strengthening of the Australian Dollar as of December 31, 2023, as compared to July 1, 2023. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at fiscal year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized on our condensed consolidated statement of operations and comprehensive loss.

Income tax expense. We have no income tax expense due to operating losses incurred for the six months ended December 31, 2024, and 2023. We have provided a full valuation allowance on our net deferred tax asset because management has determined that it is more likely than not that we will not earn income sufficient to realize the deferred tax assets during a foreseeable future period. Management will continue to assess the potential for realizing deferred tax assets based upon income forecast data and the feasibility of future tax planning strategies and may record adjustments to the valuation allowance against deferred tax assets in future periods, as appropriate, that could have a material impact on the condensed consolidated statement of operations and comprehensive loss.

Liquidity and Capital Resources

We are a development stage enterprise and will continue to be so until commencement of substantial production from our natural gas properties. We do not expect to generate any revenue from production until 2026, at the earliest, which will depend upon successful drilling results, additional and timely capital funding, and access to suitable infrastructure. Until then our primary sources of liquidity are expected to be cash on hand, net proceeds from our IPO, and funds from future private and public equity placements, debt funding and asset sales.

We expect to incur substantial expenses and generate significant operating losses as we continue to develop our natural gas prospects and as we:

- complete our current appraisal drilling and testing program;
- develop and commercialize our assets, including the SPCF, development of pipelines, the proposed NT LNG facility and other infrastructure;
- opportunistically invest in additional natural gas assets adjacent to our current positions; and
- incur expenses related to operating as a public company and compliance with regulatory requirements.

Our future financial condition and liquidity will be impacted by, among other factors, the success of our exploration and appraisal drilling program, the number of commercially viable natural gas discoveries made, the quantities of natural gas discovered, the speed with which we can bring such discoveries to production, and the actual cost of exploration, appraisal and development of our prospects.

For the remainder of fiscal year ended June 30, 2025, we estimate that we will need to invest approximately $50.0 million to progress our development plans. We expect our existing cash on hand to be sufficient to fund our planned fracture stimulation and flow testing of SS-2H ST1 and SS-3H. However, we may require significant additional funds earlier than we currently expect in order to execute our strategy as planned. Additional funding may not be available to us on acceptable terms or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of our stockholders. For example, if we raise additional funds by issuing additional equity securities, further dilution to our existing stockholders will result. If we are unable to obtain funding on a timely basis, we may be required to significantly curtail one or more of our planned activities. We also could be required to seek funds through arrangements with collaborators or others that may require us to relinquish rights to some of our assets which we would otherwise develop on our own, or with a majority working interest.

Cash and Cash Equivalents

The following table summarizes our key measures of liquidity for the periods indicated (in thousands).

	December 31, 2024	June 30, 2024
Cash and cash equivalents	$ 59,442	$ 74,746

As of December 31, 2024, we had $59.4 million of cash and cash equivalents. This balance represents a decrease of $15.3 million from June 30, 2024, due to incoming funds from the greenshoe option exercised in July 2024, the sale of rig 403 in October 2024, R&D tax credits received in December 2024, and cash calls received throughout the period which are offset primarily by spending on operations on the SS-2H, SS-2H side track, and SS-3H pilot wells during the six months ended December 31, 2024.

Capital Commitments

We had the following five-year capital commitments as of the periods indicated (in thousands), which are not recognized as liabilities or payables on the condensed consolidated balance sheet:

	December 31, 2024	June 30, 2024
Capital commitments:		
Sweetpea	$ 21,860	$ 23,283
EP 161	$ 2,488	$ 2,650
Beetaloo Joint Venture	$ 70,400	$ 62,642
Midstream	$ 1,196	$ 1,972

Sweetpea

As of December 31, 2024, the Company's wholly owned subsidiary, Sweetpea committed to spend $21.9 million related to two licenses, EP 136 with total commitments of $13.2 million and EP 143 with total commitments of $8.7 million over the following five years.

A renewal application for EP 136 was submitted to the Department of Mining and Energy ("DME") (formerly the Department of Industry, Tourism and Trade) in September 2023, and approved in July 2024, granting a five-year extension for the period July 24, 2025 to July 23, 2030 with a minimum work program commitment of $13.2 million.

A variation application for EP 143 was submitted to DME in August 2024, and approved in October 2024. The total minimum work program commitments remain the same at $8.7 million with activity and associated spend being transferred within the license term.

EP 161

For the EP 161 working interest, we are obligated to contribute our share of expenses to uphold our stake in this permit, for which Santos Limited is the operator. Our commitment through March 2026 is approximately $2.5 million based on the minimum work requirements. There are no minimum commitment requirements after March 2026.

Beetaloo Joint Venture

The terms of the Beetaloo Joint Venture necessitate specific minimum work obligations through May 2028. These commitments include an expected spend of $70.4 million related to drilling and multi-stage hydraulic fracturing of four wells, 2D seismic survey, and subsurface studies, with expenditure across EP 76 of $10.1 million, EP 98 of $49.3 million, and EP 117 of $11.0 million . An application was submitted to DME on September 26, 2024 to vary the year 2 and 3 work program, and is currently pending resolution.

Midstream

Procurement of the long lead items for the SPCF compressor package and dehydration package were placed in June 2024 with progress payments of $1.2 million required prior to the end of calendar year 2025.

Other Commitments and Contingencies

On December 19, 2024, TR Ltd., as guarantor, entered into the Facility Agreement with TR West, as borrower, each a wholly owned subsidiary of the Company, as obligors, and Macquarie, as lender. The Facility Agreement provides TR West with Facility A amounting to A$25,000,000 in availability for performance bonds, and includes potential additional Facility B and Facility C each amounting to A$5,000,000. Availability under the Facility B and Facility C is subject, among other conditions, to the Company raising additional capital in the amounts of at least A$62,500,000 and A$75,000,000, respectively. All Facilities terminate on December 19, 2027. The obligations under the Facility Agreement are unconditionally guaranteed on a senior secured basis by TR Ltd.

As of December 31, 2024, there was A$6,360,000 of letters of credits issued under the Facility Agreement. As of December 31, 2024 there was A$18,640,000 of unused credit under Facility A and A$10,000,000 of unused credit under Facility B and Facility C.

Cash Flows

The following table summarizes our cash flows for the periods indicated (in thousands):

	Six months ended December 31, 2024	Six months ended December 31, 2023
Statement of Cash Flows:		
Net cash used in operating activities	$ (8,902)	$ (10,489)
Net cash used in investing activities	(35,805)	(26,979)
Net cash from financing activities	31,360	64,241

Net Cash Used in Operating Activities

For the six months ended December 31, 2024, net cash used in operating activities was $8.9 million during which we incurred a net loss of $22.3 million, compared to net cash used in operating activities for the six months ended December 31, 2023, of $10.5 million, during which we incurred a net loss of $11.3 million. The net loss for the six months ended December 31, 2024, included the non-cash impacts of depreciation and amortization, stock-based compensation, loss on remeasurement of assets classified as held for sale, accretion of asset retirement obligations, checkerboard fee and foreign exchange differences. Additionally, in the six months ended December 31, 2024, net favorable changes in operating assets and liabilities totaled $3.1 million, primarily consisting of a $2.4 million increase in accounts payable and accrued expenses due to timing of our pay cycle during the fiscal period and a $0.7 million decrease in prepaid expenses and other assets.

Net Cash Used in Investing Activities

For the six months ended December 31, 2024, net cash used in investing activities was $35.8 million compared to $27.0 million for the six months ended December 31, 2023. In the period ended December 31, 2024, there was spend on exploration and evaluation activities of $42.1 million in connection with the drilling of the SS2-H, SS-2H ST1 and SS-3H pilot wells, expenditure of $6.6 million related to the detailed design of the SPCF, partially offset by proceeds from the sale of assets held for sale of $8.0 million for rig 403 and R&D tax credits of $6.2 million.

Net Cash from Financing Activities

For the six months ended December 31, 2024, net cash received in financing activities was $31.4 million compared to $64.2 million received for the six months ended December 31, 2023. This change was primarily due to the receipt of $7.4 million in gross proceeds from the greenshoe option exercised in July 2024, $30.3 million attributable to contributions from noncontrolling interest holders to fund their share of cash calls, partially offset by transaction costs of $0.5 million.

Critical Accounting Estimates

Management's discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of our financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of certain assets, liabilities and related disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The following critical accounting policies relate to the more significant estimates and assumptions used in preparing the consolidated financial statements.

The impact of, and any associated risks related to, estimates and assumptions are discussed within Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as in the Notes to the Condensed Consolidated Financial Statements, if applicable, where estimates and assumptions affect the Company's reported and expected financial results.

There have been no other material changes in critical accounting estimates at December 31, 2024 from those described in the Company's Annual Report on Form 10-K for the year ended June 30, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of December 31, 2024, our principal executive officer and principal financial officer concluded that we did not maintain effective internal control over financial reporting due to the material weakness that was disclosed in our Annual Report on Form 10-K for the year ended June 30, 2024.

As discussed in Part II, Item 9A, "Controls and Procedures" in our Annual Report on Form 10-K for the year ended June 30, 2024, we identified the following deficiencies in our internal control over financial reporting, which in the aggregate, constituted a material weakness:

i) lack of sufficient evidence retained of the performance of internal controls,

ii) insufficient resources in key accounting and finance roles leading to inadequate segregation of duties,

iii) lack of manage access and manage change IT general controls over the cloud-based enterprise resource planning system, and

iv) accounting for complex transactions in accordance with U.S. GAAP.

Status of Remediation Efforts

In response to the material weakness identified and described above, our management, with the oversight of the Audit & Risk Management Committee of our Board of Directors, will continue to dedicate significant efforts and resources to further improve our control environment and to take steps to remediate this material weakness. As part of our plan to address this material weakness, we are performing a full review, with the assistance of external consultants, of our processes and internal controls. We have implemented a new enterprise resource planning system to better support our financial reporting and internal control framework. We have implemented, and plan to continue to implement, new controls and processes. We will also provide training to control owners, supported by external consultants, as appropriate, in support of an effective internal control framework, including how to sufficiently document and evidence the operation of internal controls. We have also hired a Vice President of Information Technology and a Financial Reporting Manager with extensive knowledge in their respective fields to assist in the remediation of the above control deficiencies. We will continue to hire accounting and finance personnel, or engage technical specialists, who possess the required technical knowledge to ensure reporting requirements are met and segregation of duties are maintained.

While we have begun implementing a plan to remediate this material weakness, we cannot predict the success of such plan or the outcome of our assessment of this plan at this time. If our steps are insufficient to successfully remediate the material weakness and otherwise establish and maintain an effective system of internal control over financial reporting, the reliability of our financial reporting, investor confidence in us, and the value of our common stock could be materially and adversely affected. We can give no assurance that the implementation of this plan will remediate this deficiency in internal control or that additional material weaknesses in our internal control over financial reporting will not be identified in the future. Our failure to implement and maintain effective internal control over financial reporting could result in errors in our financial statements that could result in a restatement of our financial statements, or cause us to fail to meet our periodic reporting obligations. For as long as we are an "emerging growth company" under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404.

Changes in Internal Control Over Financial Reporting

Except for the implementation of our remediation plans in connection with our ineffective disclosure controls and procedures described above, there were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

Other than given as below, as of the date of this report, we are not a party to any material pending legal proceedings, nor are we aware of any material civil proceeding or government authority contemplating any legal proceeding, and to our knowledge, no such proceedings by or against us have been threatened. We anticipate that we and our subsidiaries may from time to time in the future become subject to claims and legal proceedings arising in the ordinary course of business. It is not feasible to predict the outcome of any such proceedings, and we cannot assure that their ultimate disposition will not have a materially adverse effect on our business, financial condition, cash flows or results of operations.

On July 4, 2024, the Environment Centre Northern Territory ("ECNT") lodged an Originating Application in the Northern Territory Civil and Administrative Appeals Tribunal ("NTCAT") for a merits review of the Minister for Environment, Climate Change and Water Security's ("Minister's") approval of TB1 Operator's Shenandoah South Exploration & Appraisal Program EP98 and EP117 Environment Management Plan ("Shenandoah EMP") ("NTCAT Merits Review"). On August 20, 2024, the TB1 Operator was added as a respondent to the NTCAT Merits Review. The NTCAT Merits Review commenced by ECNT under the Petroleum Act 1984 (NT) and the Petroleum (Environment) Regulations 2016 (NT). ECNT are seeking an order that the Minister's Original Decision is set aside and substituted with a decision that the Tribunal Member is not satisfied the information provided in the Shenandoah EMP is sufficiently compliant with the Petroleum (Environment) Regulations 2016 (NT), including in relation to: (a) risks of wastewater spills and (b) risks in relation to inter-aquifer connectivity and an order that the Shenandoah EMP should be referred to the NT EPA for an independent assessment or, in the alternative, an order that varies the Minister's original decision and establishes conditions in the Shenandoah EMP.

On December 6, 2024, Lock the Gate Alliance Ltd ("Lock the Gate") lodged an Originating Application in the Federal Court of Australia seeking an injunction under s475(2) of the *Environment Protection and Biodiversity Conservation Act 1999 (Cth)* ("EPBC Act"), to restrain TB1 Operator from conducting the Shenandoah South Pilot Project and a declaration under s 21 of the Federal Court of Australia Act 1976 (Cth) that the Shenandoah South Pilot Project is an action which involves unconventional gas development and is likely to have a significant impact on a water resource within the meaning of ss 24D and 24E of the EPBC Act.

Item 1A. Risk Factors

There have been no material changes in risk factors for the quarterly period ended December 31, 2024 from those described in the Company's Annual Report on Form 10-K for the year ended June 30, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There has been no material change in the planned use of proceeds from the description included on Form S-1 (File No. 333-279119), as amended, declared effective by the SEC on June 26, 2024.

No shares of the Company's common stock were repurchased during the three months ended December 31, 2024.

Item 5. Other Information

During the six months ended December 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

The following documents are filed as exhibits hereto:

Exhibit number	Description
3.1	Certificate of Incorporation of Tamboran Resources Corporation (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1 dated May 3, 2024, File No. 333-279119, and incorporated herein by reference).
3.2	Amended and Restated Bylaws of Tamboran Resources Corporation (filed as Exhibit 3.2 to the Company's Registration Statement on Form S-1 dated June 17, 2024, File No. 333-279119, and incorporated herein by reference).
10.1*	Performance Bond Facility Agreement, dated December 19, 2024, by and among Tamboran (West) Pty Limited, as borrower, Tamboran Resources Pty Ltd, as guarantor, and Macquarie Bank Limited, as lender (filed as Exhibit 10.1 to the Company's Form 8-K dated December 31, 2024, File No. 001-42149, and incorporated herein by reference).
10.2*	Deed of Guarantee and Indemnity, dated December 19, 2024, between Tamboran Resources Corporation, as guarantor, and Macquarie Bank Limited, as lender (filed as Exhibit 10.2 to the Company's Form 8-K dated December 31, 2024, File No. 001-42149, and incorporated herein by reference).
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 (furnished herewith).
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 (furnished herewith).
101	Financial statements from the Quarterly Report on Form 10-Q of Tamboran Resources Corporation for the quarter ended December 31, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Loss, (iii) the Condensed Consolidated Statements of Stockholders' Equity, (iv) the Condensed Consolidated Statements of Cash Flows and (v) the Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data file (formatted as iXBRL and contained in Exhibit 101).

* The exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(b)(2). The Company agrees to furnish supplementally a copy of all omitted exhibits and schedules to the Securities and Exchange Commission upon its request.

** This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Tamboran Resources Corporation

Date: February 12, 2025

/s/ Eric Dyer
Eric Dyer
Chief Financial Officer