Quarterly Report

Giant Capital
December Market Review

FIRM INFORMATION

Investment Manager
Longreach Alternatives Ltd
ABN 25 082 852 364
AFSL 246747

Sub-Advisor
Giant Operating LLC
Delaware registered #6776889

KEY INVESTMENT PERSONNEL

Andrew Sinclair
Principal – Commercial Director

Thomas Wagenhofer
Principal – Technical Director

1.0 Market and Portfolio Commentary

1.1 Macro Industry Commentary

US Henry Hub prompt gas had a large fall in December owing to strong production growth and forecasts for a relatively warm January. The prompt was $4.85/mmbtu at close on 28 November and $3.68/mmbtu at close on 31 December. Calendar 2026 also fell, beginning December at $4.16/mmbtu and ending at $3.64/mmbtu.

Over the quarter from 30 September to 31 December, prompt rose though all forward prices fell as detailed in the table below.

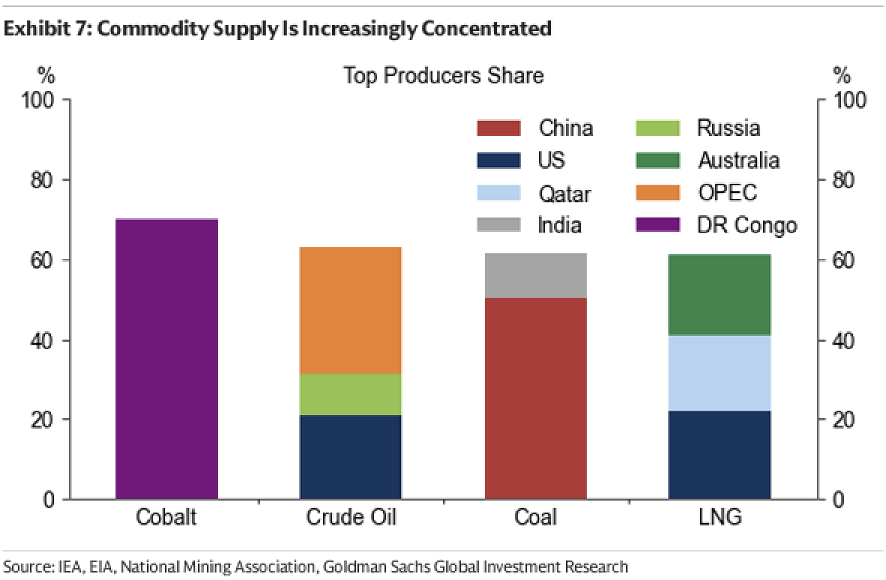
Henry Hub Prices ($/mmbtu)	30/09/2025	31/12/2025	Change (%)
Prompt	$ 3.30	$ 3.69	12%
2026	$ 3.90	$ 3.63	-7%
2027	$ 3.95	$ 3.87	-2%
2028	$ 3.82	$ 3.70	-3%
2029	$ 3.80	$ 3.61	-5%

WTI oil drifted lower, the prompt began December at $58.55/bbl and closed the month at $57.42/bbl. Calendar 2026 also fell modestly from $58.00/bbl to $57.04/bbl.

Over the full quarter oil prices fell. Calendar 2026. 2027 and 2028 fell about 6% with longer dated prices down about 3%.

The global supply of key commodities is increasingly concentrated (Figure 1). This concentration provides considerable market power to the commodity suppliers. The US's share of global gas and oil supply now exceeds 20% for both commodities.

Figure 1: Top Commodity Producers Market Share (Source: Various, via GS)



CONTACT US

Longreach Alternatives Ltd
Level 9
88 Phillip Street
Sydney NSW 2000
T+61 2 9135 0428
client.services@longreachalternatives.com

The latest Baker Hughes rig count data follows. From October to December US total land rigs fell by 7 from 531 to 524. Total oil rigs fell by 12 from 422 to 410, gas rigs rose by 4 from 118 to 122. Oil and gas rig totals include 16 offshore and 3 inland water rigs working in December.

Baker Hughes

NORTH AMERICA Rotary Rig Count

16/01/2026

Location	Week	+/-	Week	+/-	YearAgo
Inland Waters	3	0	3	1	2
Land	524	-1	525	-40	564
Offshore	16	0	16	2	14
United States Total	**543**	**-1**	**544**	**-37**	**580**
Gulf of Mexico	**9**	**0**	**9**	**-3**	**12**
Canada	**226**	**29**	**197**	**-3**	**229**
North America	**769**	**28**	**741**	**-40**	**809**
U.S. Breakout Information	**This Week**	**+/-**	**Last Week**	**+/-**	**Year Ago**
Gas	122	-2	124	24	98
Oil	410	1	409	-68	478
Miscellaneous	11	0	11	7	4
Directional	56	-1	57	4	52
Horizontal	475	0	475	-40	515
Vertical	12	0	12	-1	13

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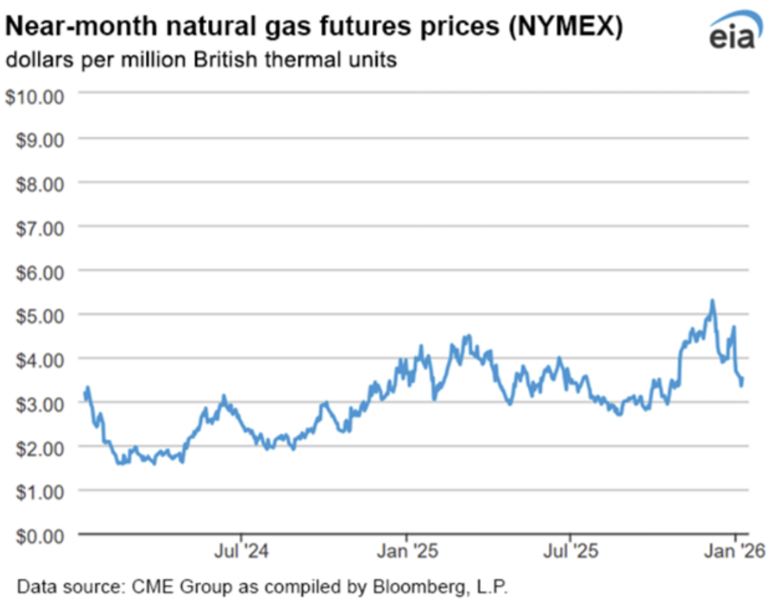
Gas Market

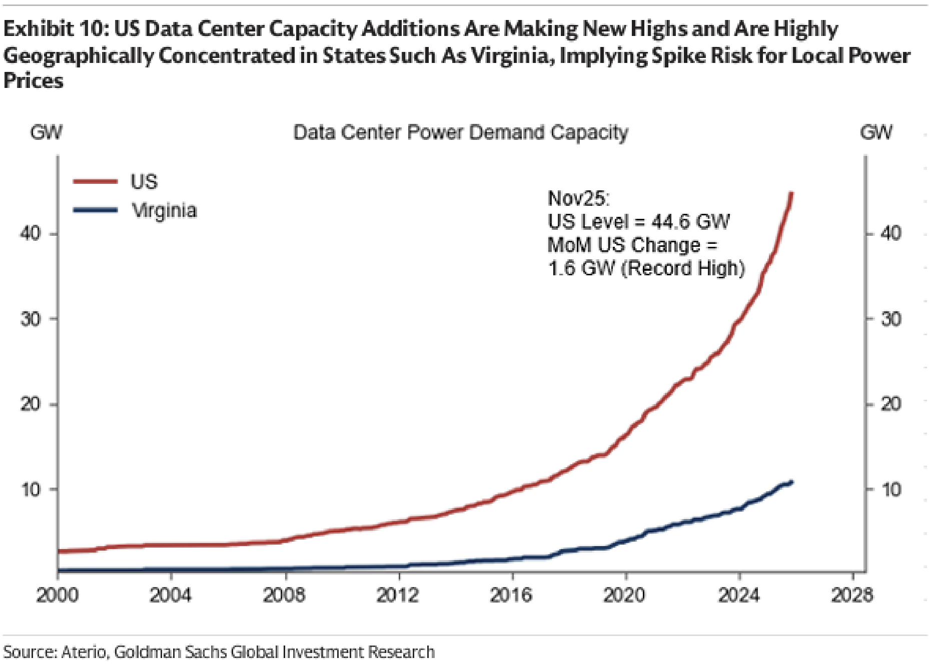
Henry Hub prompt prices spiked to over $5/mmbtu with cold weather in early December before declining to $3.68/mmbtu at the end of the month on higher production and warming two-week weather forecasts (Figure 2). Mid-January has seen cold weather return and with it large increases in Henry Hub gas prices.

Figure 2: Near Month Henry Hub Futures (Source: EIA)



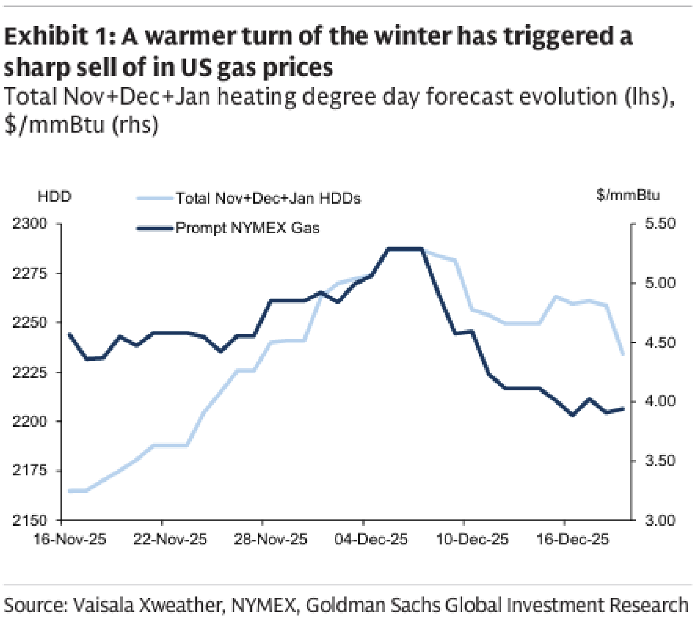
US data centre capacity additions reached an all-time high in November (Figure 3), lifting annualised US power-demand growth to nearly 3%, higher than GDP growth. Most US regional power markets are already at or below critical spare capacity levels based on Goldman Sach's measure of power availability and reliability. This tightness triggered spikes in real-time power prices last summer and power generation capacity prices in the PJM market, which includes Virginia, the world's data centre capital. High power demand is driving the addition of all forms of power generation, including combined cycle natural gas plants.

Figure 3: Data Centre Power Demand Capacity (Source: GS)



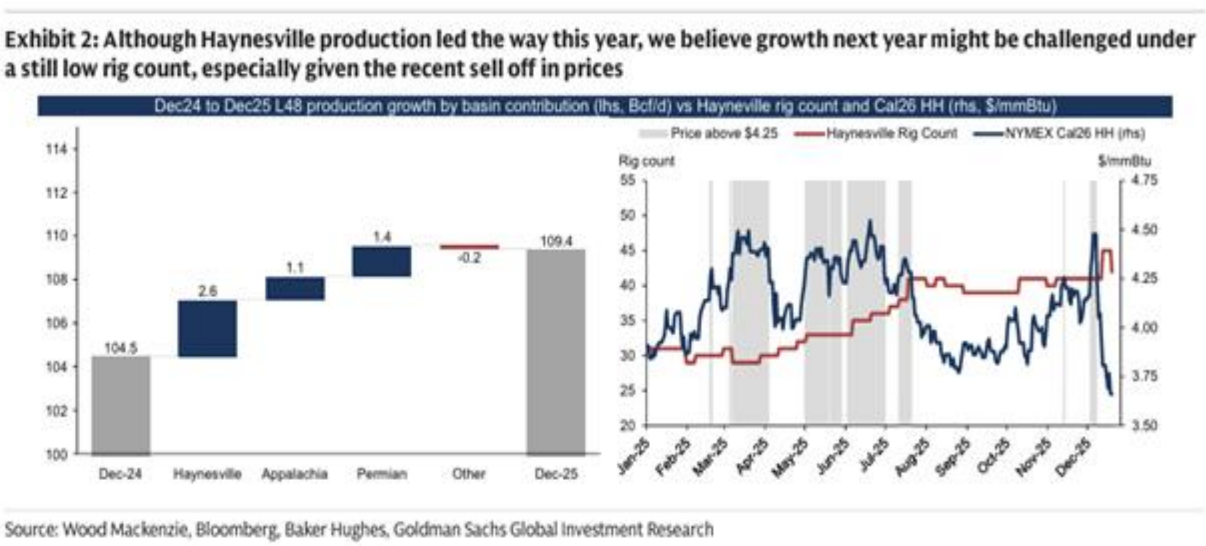
The increase in gas price volatility driven by a shortage in storage relative to current supply and demand was demonstrated in the second half of December, with a significantly colder-than-average first half of December reversed to a milder-than-average second half of the month, including the forecast of a warmer than average early January (Figure 4). Particularly during the winter months, the Henry Hub prompt contract trades primarily on the two-week weather forecast and this can lead to large short-term moves, which in December drove a rapid fall in prices, while in the second half of January a rapid rise in prices followed materially colder weather forecasts.

Figure 4: Prompt Gas and Heating Degree Days (Source: various, via GS)



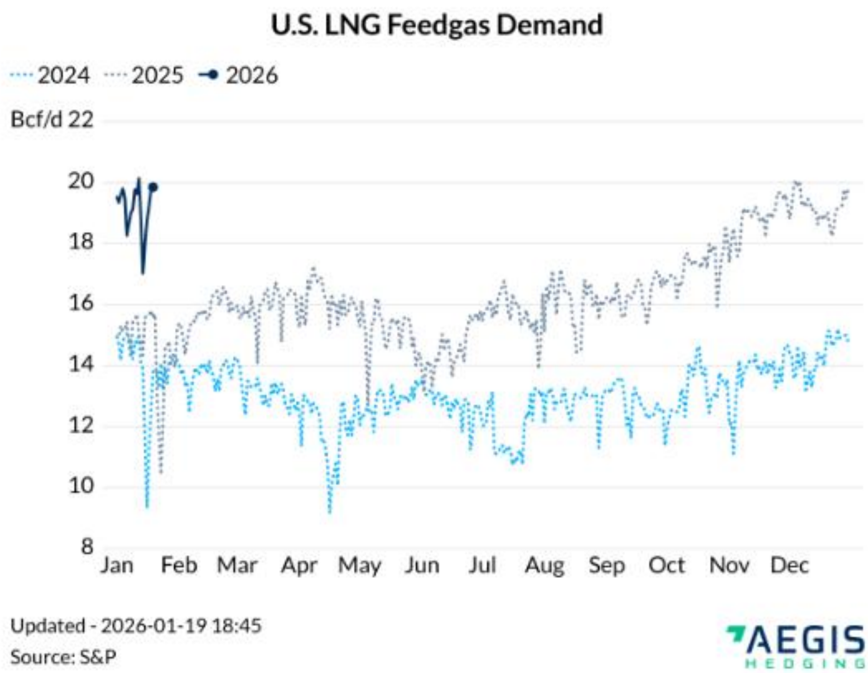
In calendar 2025 the Haynesville was the region that delivered highest production growth (LHS, Figure 5). History suggests that Haynesville producers only increase drilling activity (as evidenced by rig count) when calendar year prices move above $4.25/mmbtu (RHS, Figure 5). These data suggest that the market will struggle to supply increasing demand at current forward prices.

Figure 5: 2025 Production Growth by Basin and Haynesville Rig Count and Cal26 HH (Source: various, via GS)



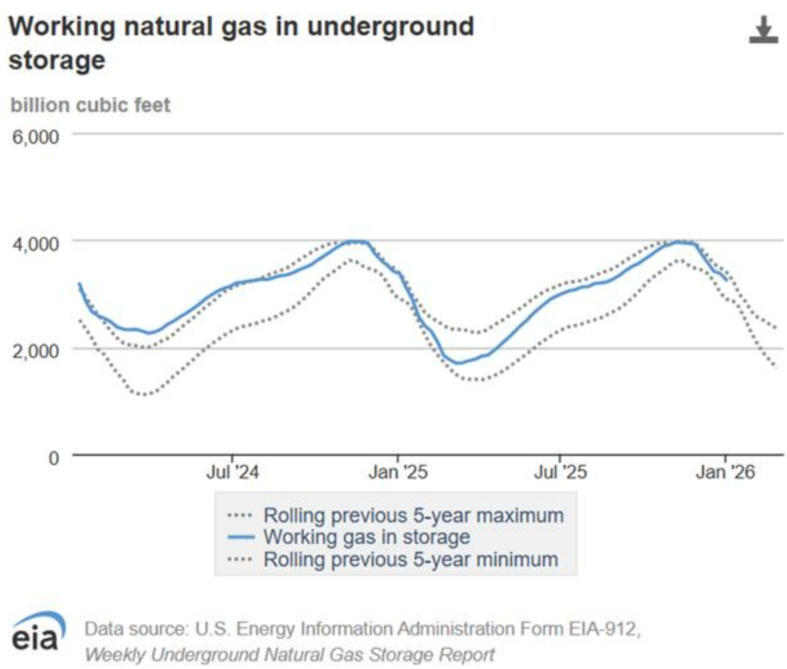
US LNG feedgas demand is sitting at about 20 bcfd, an increase of approximately 5 bcfd from this time last year (Figure 6).

Figure 6: US LNG Feedgas Gas Demand (Source: S&P, via Aegis)



Net withdrawals from storage totalled 119 bcf for the week ending 2 January, compared to the five-year (2020-2024) average net withdrawals of 92 bcf and last year's net withdrawals of 51 bcf during the same week. Working natural gas stocks totalled 3,256 bcf, which is 31 bcf (1%) more than the five-year average and 123 bcf (4%) lower than last year at this time (Figure 7).

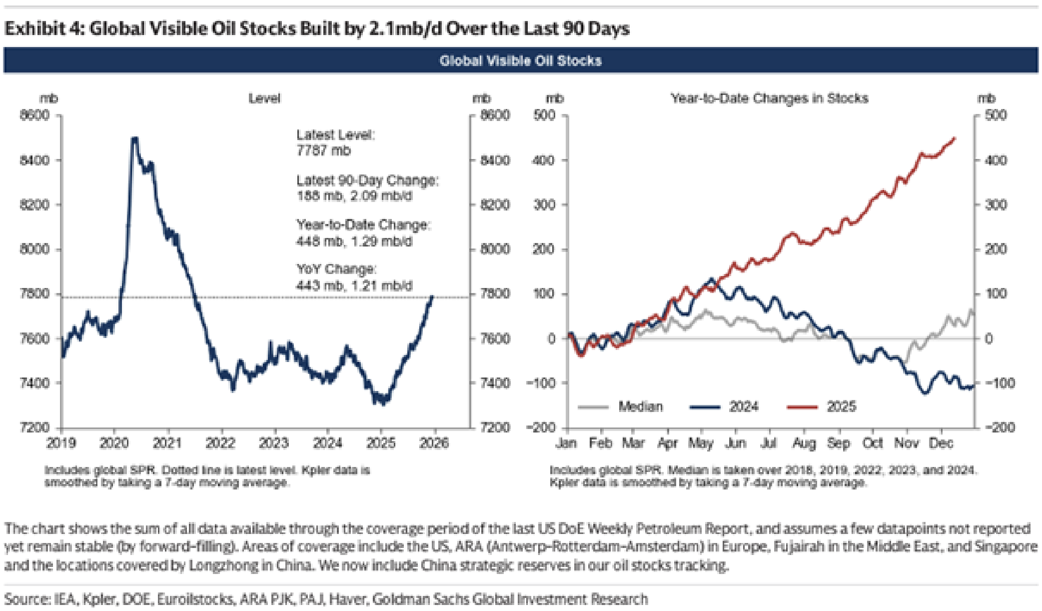
Figure 7: US Working Natural Gas in Underground Storage (Source: EIA)



Oil Market

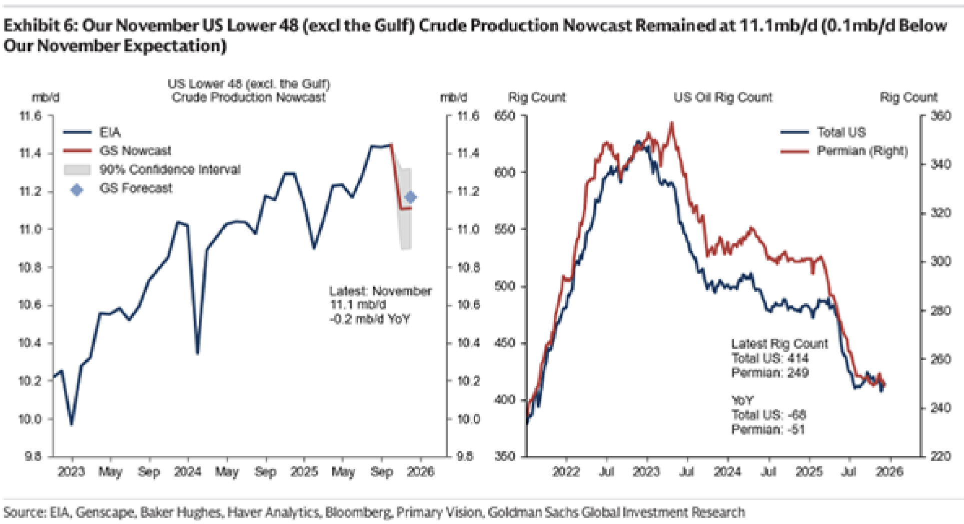
Global oil stocks have increased by 2mmbbld over the last quarter (Figure 8). This has been the primary factor driving the fall in oil prices, only partially offset by the increase in global geopolitical instability (Russia with recent additions from Iran and Venezuela).

Figure 8: Global Oil Stocks (Source: various, via GS)



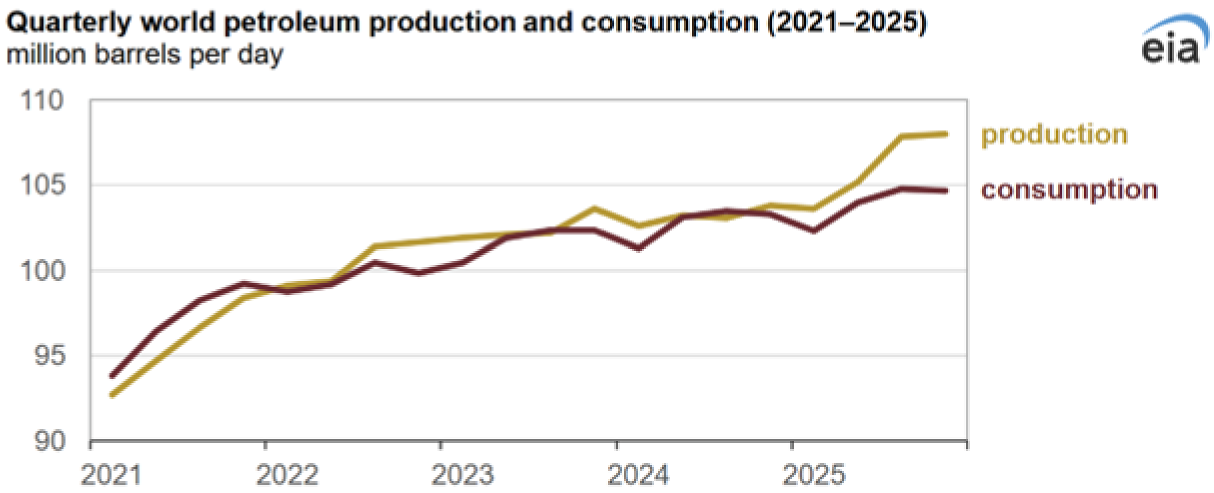
Lower oil prices have led to reduction in US oil rig count, particularly in the Permian (RHS, Figure 9), this has led to fall in US oil production (LHS, Figure 9).

Figure 9: US L48 Crude Production and Rig Count (Source: various, via GS)



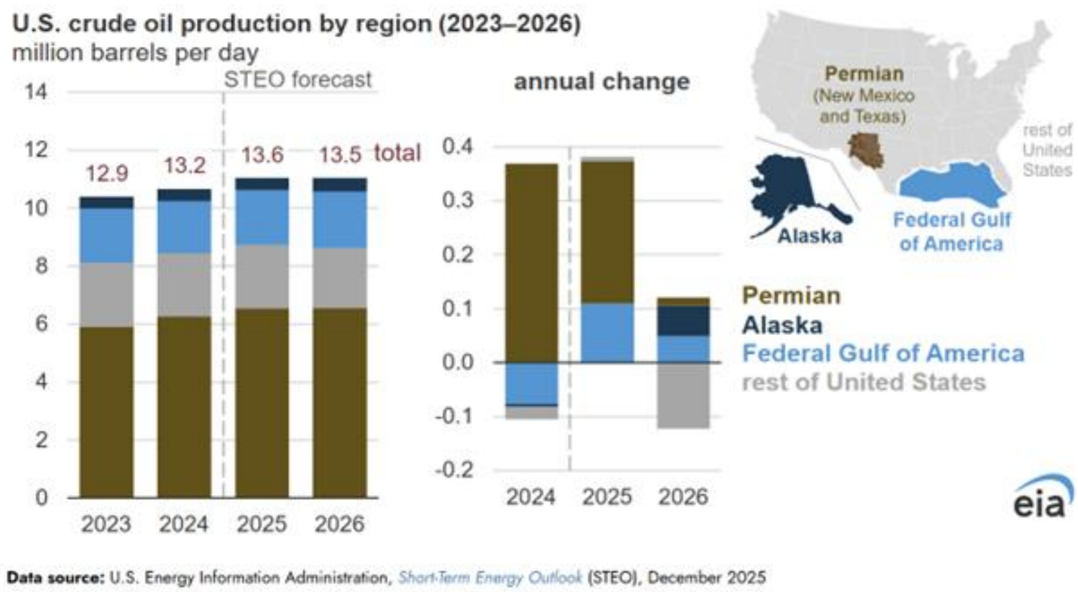
The increase in global oil production over consumption accelerated in the second half of 2025 after OPEC+ increased oil production targets (Figure 10).

Figure 10: Quarterly World Oil Production and Consumption (Source: EIA)



The EIA forecasts that US crude oil production will average 13.5mmbbld in 2026, about 100mbld less than 2025 (Figure 11). The forecast decline in production follows four years of rising crude oil output. In 2026, the EIA forecasts modest production increases in Alaska, Federal Gulf of Mexico (now referred to by US Federal Authorities as the Gulf of America), and the Permian will be offset by declines in other parts of the United States.

Figure 11: US Crude Oil Production by Region (2023-2026) (Source: various, via GS)



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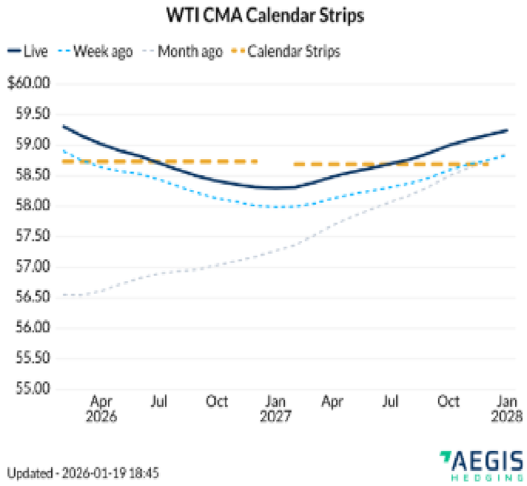
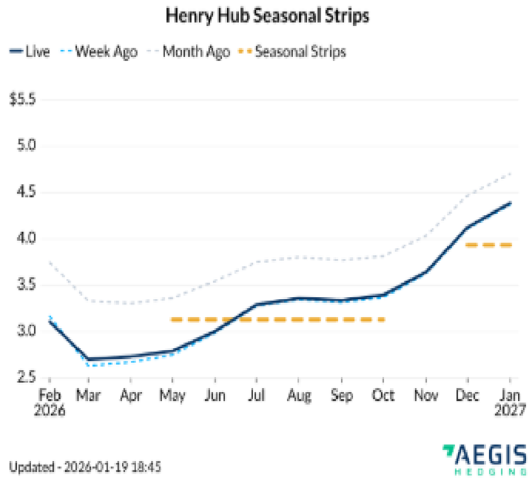
Gas and Oil Prices 17 January 2026





Crude Oil Swap Pricing

	2025	2026	2027
NYMEX WTI	$57.42	$58.79	$58.69
LLS	$59.38	$59.99	$59.89
Mars	$56.53	$56.79	$56.95
Dubai	$60.95	$62.25	$62.23
WCS-WTI	-$13.40	-$14.01	-$14.93
ICE Brent	$60.91	$62.52	$62.43
Dated Brent	$61.87	$63.01	$62.46
West TX Sour (WTS)	$55.74	$57.05	$57.01

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Natural Gas Basis Swap Pricing

	prompt	Winter 25/26	Summer 26	Winter 26/27	Summer 27
Henry Hub Fixed	$3.103	$2.901	$3.121	$3.929	$3.467
Panhandle East	-$0.655	$-0.635	$-0.709	$-0.254	$-0.570
Eastern Gas South	-$0.483	$-0.453	$-0.809	$-0.732	$-0.839
Waha	-$3.073	$-3.090	$-2.825	$-1.038	$-0.966
TETCO M3	$1.583	$0.695	$-0.650	$1.326	$-0.628
Houston Ship Channel	-$0.510	$-0.489	$-0.393	$-0.341	$-0.330

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