

Giant Capital / Longreach Energy

August 2025 Report

1.0 Market and Portfolio Commentary

1.1 Macro Industry Commentary

General Market Commentary

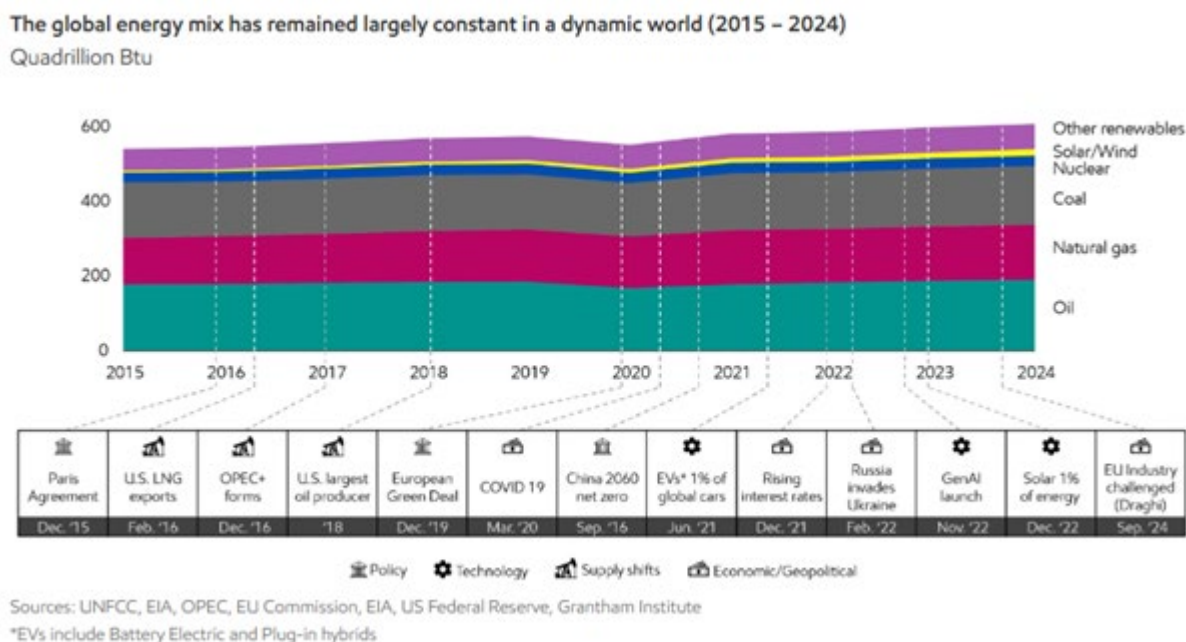
US Henry Hub prompt gas prices continued to fall in August because of strong production and relatively low cooling demand following mild weather. Month-on-month the prompt fell from \$3.10/mmbtu at close on 31 July to \$3.00/mmbtu at close on 29 August (the last trading day of the month). Calendar 2025 also fell, beginning August at \$3.52/mmbtu and ending at \$3.42/mmbtu.

WTI oil fell after OPEC+ announced further production increases. The prompt began August at \$69.29/bbl and closed the month at \$64.01/bbl. Calendar 2025 fell from \$67.46/bbl to \$63.33/bbl.

ExxonMobil has released its outlook for global energy to 2050.

In the last decade, the global energy mix has remained largely constant (Figure 1). Over 4 billion people currently live in countries where access to energy is below what is needed to address basic human development needs. It remains the case that access to sufficient, affordable energy is necessary for economic development.

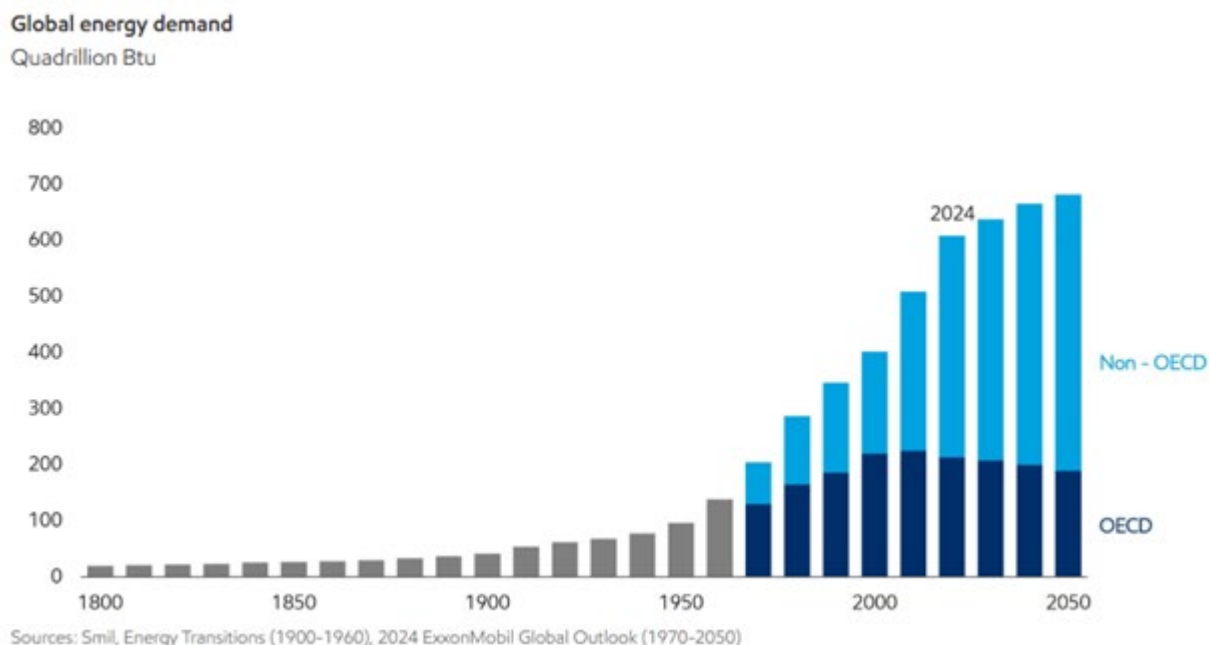
Figure 1: Global Energy Supply (2015 – 2024) (Source: various, via Exxon)



The global population is projected to increase by over 1.5 billion people by 2050, a 20% increase from today. Nearly all that growth will occur in developing countries. Over the same period, global GDP is projected to nearly double, with developing nations growing twice as fast as developed nations.

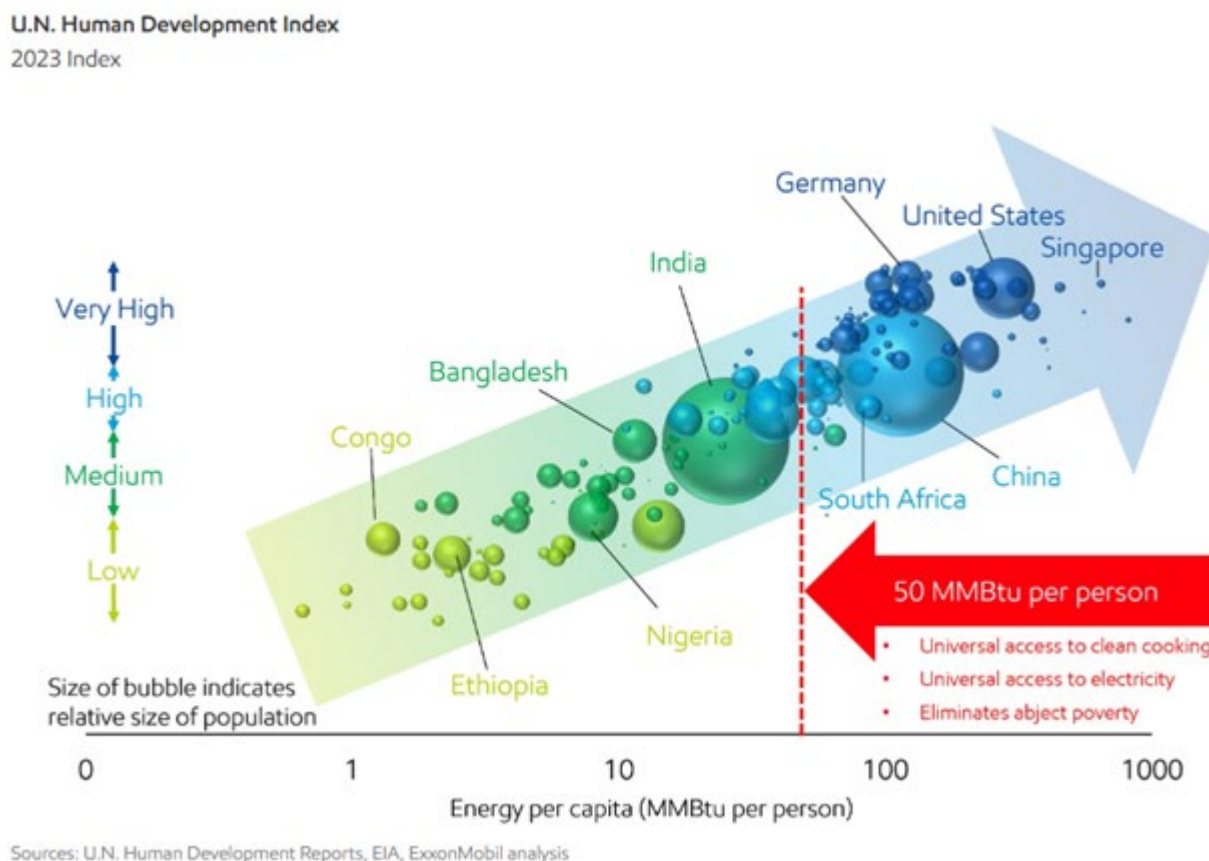
The combination of 1.5 billion more people and a global economy that is projected to nearly double in size drives about 25% higher energy use in developing countries in 2050 compared to today (Figure 2).

Figure 2: Global Energy Demand (Source: various, via Exxon)



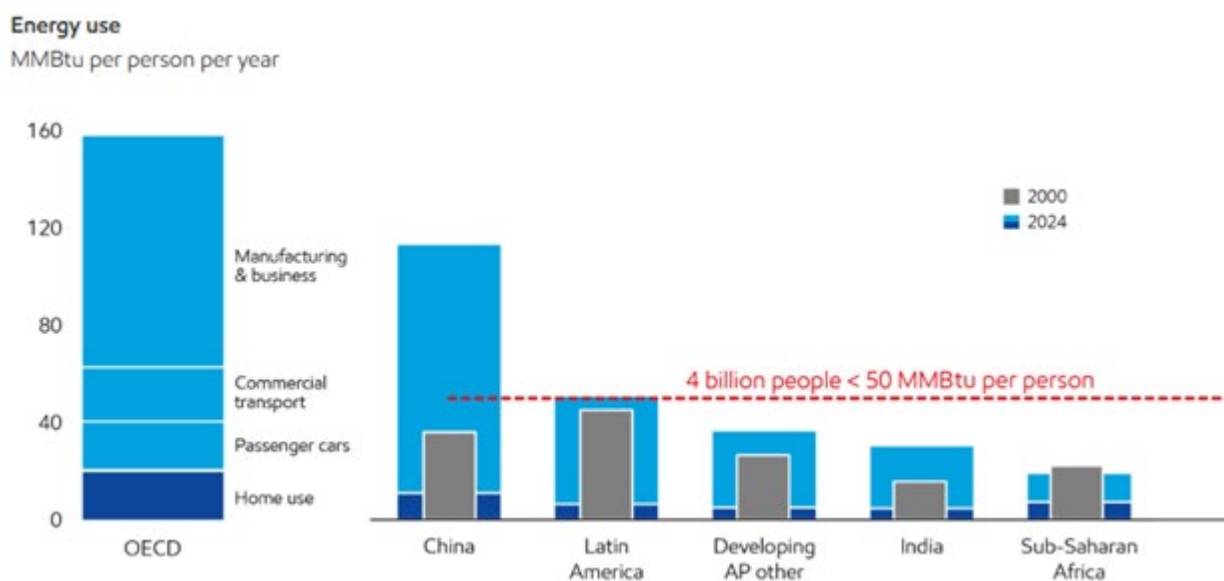
Energy use and improved living standards go together. It is impossible to have one without the other. Data from the United Nations Human Development Index (UN HDI) shows that countries with higher energy use tend to have higher life expectancies, education levels, and per capita income. Rising energy use fuels higher incomes that enable people to own homes, purchase labour-saving appliances, fund education, travel, and obtain medical services.

Figure 3: U.N. Human Development Index (Source: U.N., via Exxon)



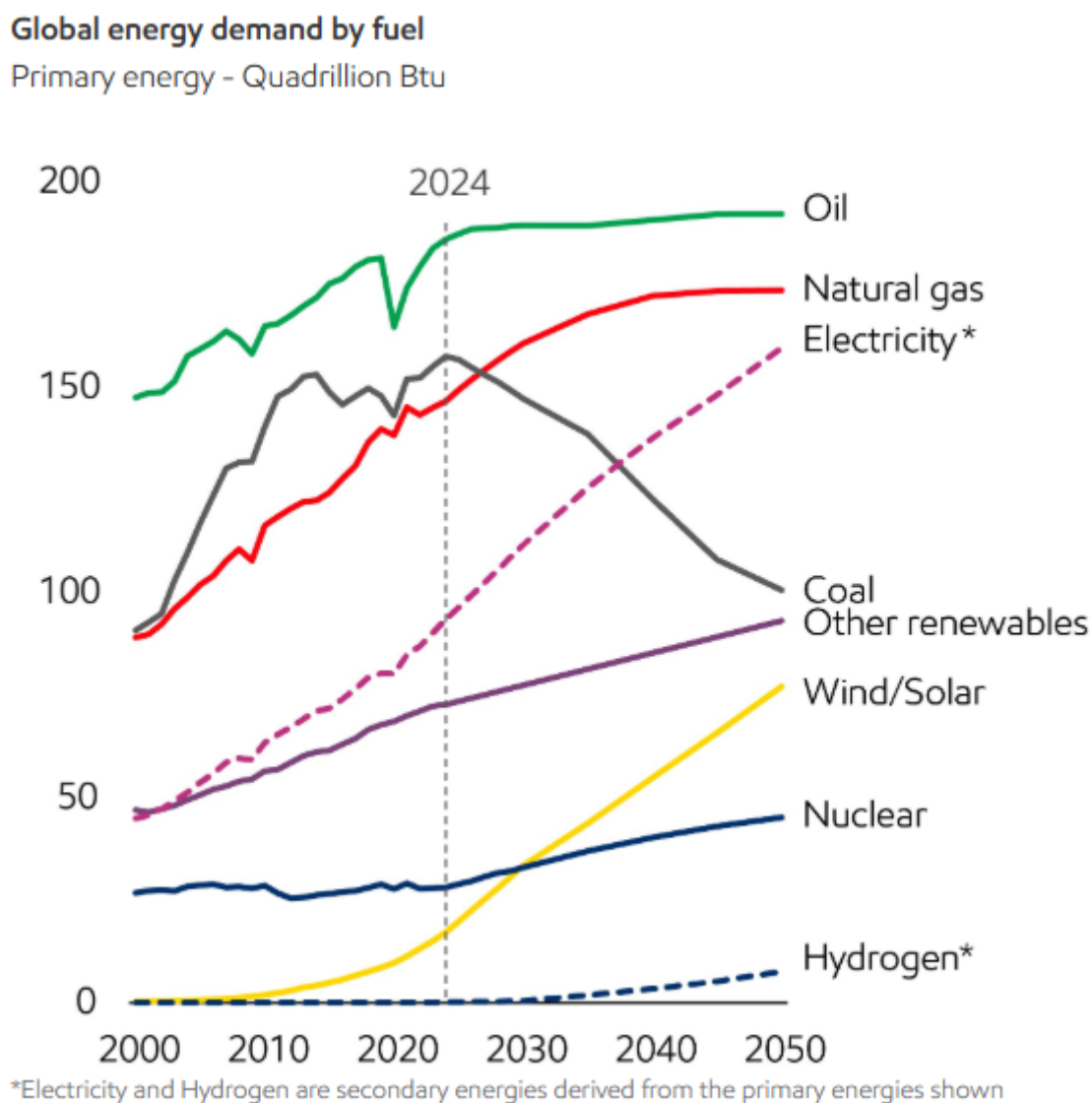
China has grown its energy supply since 2000 so that it now comfortably exceeds the 50 mmbtu per person energy poverty threshold. 4 billion people, including those in most of Latin America, India and other developing Asia Pacific and sub-Saharan Africa, have less than 50 mmbtu of energy per person available each year (Figure 4).

Figure 4: Energy Use – MMBTU per person per year (Source: Exxon)



The Exxon Global Outlook projects that oil will remain the largest source of primary energy, remaining essential for industrial manufacturing, including as a raw material, and commercial transportation. Natural gas demand is also projected to rise, largely to help meet increasing needs for electricity and lower-emission industrial heat (Figure 5).

Figure 5: Global Energy Demand by Fuel (Source: Exxon)



The latest Baker Hughes rig count data follows. In August, US total land rigs fell from 524 to 522. Total oil rigs rose from 410 to 414, gas rigs fell by 5 from 123 to 118. Oil and gas rig totals include 13 offshore and 2 inland water rigs working in August.



NORTH AMERICA Rotary Rig Count

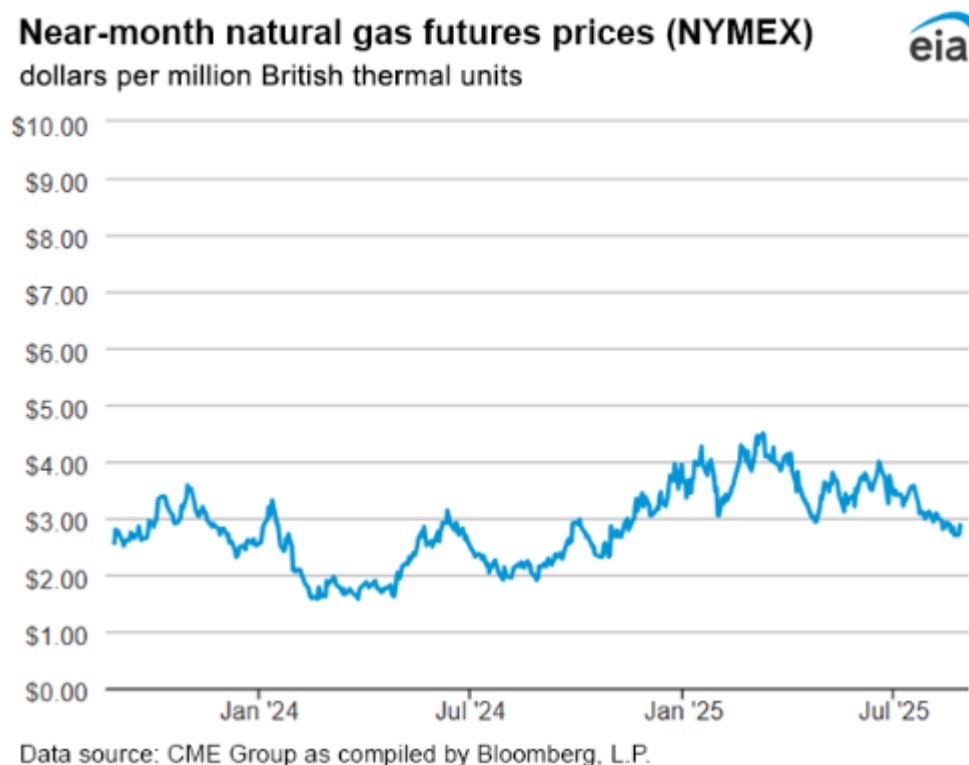
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| Location | Week | +/- | Week | +/- | YearAgo |
|----------------------------|------------|----------|------------|------------|------------|
| Inland Waters | 2 | 0 | 2 | 1 | 1 |
| Land | 522 | 1 | 521 | -40 | 562 |
| Offshore | 13 | 0 | 13 | -6 | 19 |
| United States Total | 537 | 1 | 536 | -45 | 582 |
| Gulf of Mexico | 10 | 0 | 10 | -7 | 17 |
| Canada | 181 | 6 | 175 | -39 | 220 |
| North America | 718 | 7 | 711 | -84 | 802 |
| U.S. Breakout Information | This Week | +/- | Last Week | +/- | Year Ago |
| Gas | 118 | -1 | 119 | 24 | 94 |
| Oil | 414 | 2 | 412 | -69 | 483 |
| Miscellaneous | 5 | 0 | 5 | 0 | 5 |
| Directional | 54 | -1 | 55 | 6 | 48 |
| Horizontal | 470 | 2 | 468 | -50 | 520 |
| Vertical | 13 | 0 | 13 | -1 | 14 |

Gas Market

Henry Hub prompt prices dipped under \$3/mmbtu during August after relatively cool weather reduced air-conditioning demand and continued strong production volumes delivered ample market supply (Figure 6).

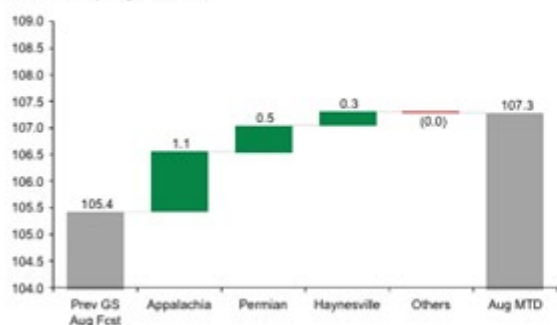
Figure 6: Near Month Henry Hub Futures (Source: EIA)



US gas production was nearly 2 bcf/d above Goldman's expectations in August, driven by Appalachia (+1.1 bcf/d), Permian (+0.5 bcf/d) and Haynesville (+0.3 bcf/d) (LHS, Figure 7). As a result, Goldman has increased its production expectations for the balance of 2025 and calendar 2026 by 0.7 bcf/d and 0.3 bcf/d respectively (RHS, Figure 7). Goldman notes that new wells experience steep production decline rates – as high as 50% in the first year – which means that aggregate production will fall if the rate of new well additions is not maintained.

Figure 7: Lower 48 Natural Gas Production (Source: Woodmac, via GS)

Exhibit 1: August production has realized 1.9 Bcf/d above our expectations, driven by Appalachia, Haynesville and the Permian
Previous GS August production forecast vs realized MTD August production by region, Bcf/d



Source: Wood Mackenzie, Goldman Sachs Global Investment Research

Exhibit 2: We revise our US production path higher by 0.7/0.3 Bcf/d for Bal2025/2026

Previous vs revised total US L48 production path under forwards, Bcf/d



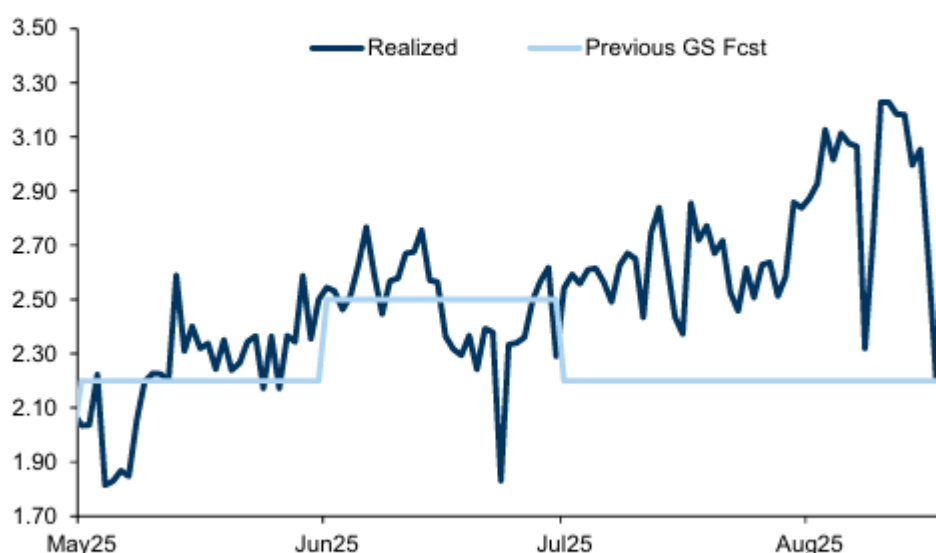
Source: Wood Mackenzie, Goldman Sachs Global Investment Research

On the demand side, the new Plaquemines LNG export facility has ramped up ahead of market expectations (Figure 8).

Figure 8: Plaquemines LNG Gas Volumes (Source: various, via GS)

Exhibit 3: Plaquemines has continued to ramp its operations above our expectations

GSe Plaquemines ramp-up vs realized, Bcf/d

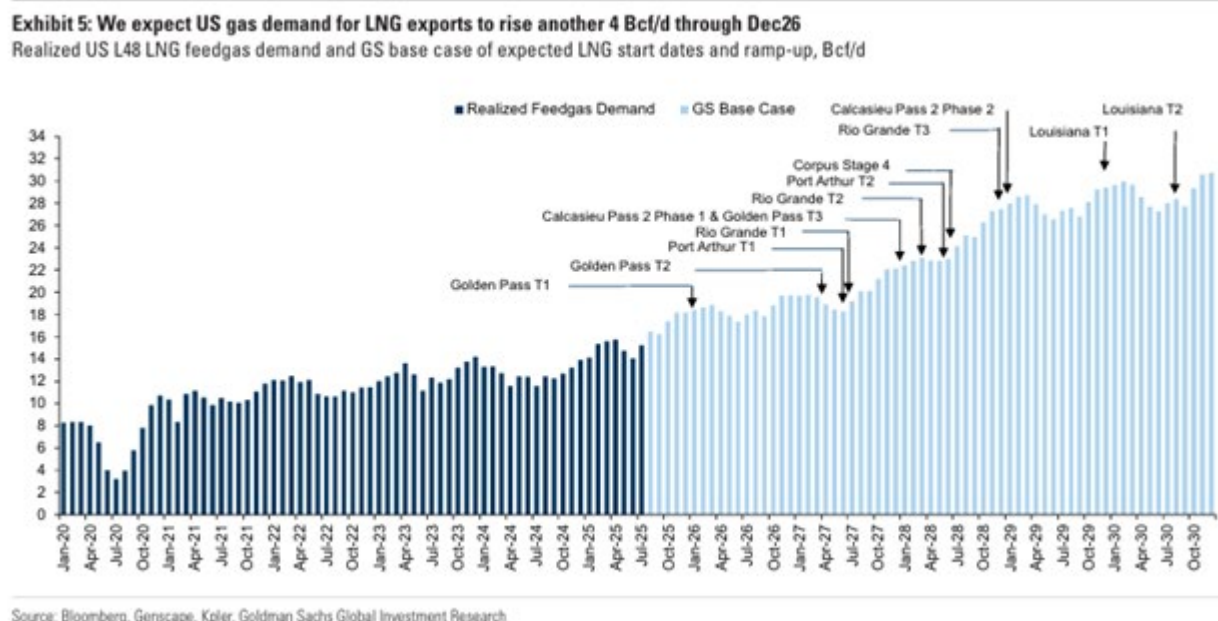


Source: Bloomberg, Genscape, Goldman Sachs Global Investment Research

Notwithstanding the recent production increases, Goldman maintains its view that to manage storage volumes through the 2026-2027 winter, given the steady rise in LNG exports expected in the period (Figure

9), significantly higher production will be needed in 2026 compared to what is currently priced in by the forward market.

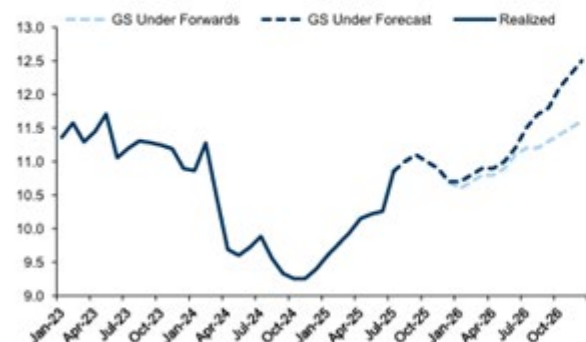
Figure 9: US L48 LNG Feedgas Demand (Source: various, via GS)



Under current forward prices producers in the Haynesville are unlikely to increase investment to levels necessary to meet market demand (LHS, Figure 10). The net impact is very low storage volumes by the end of 2026 (RHS, Figure 10).

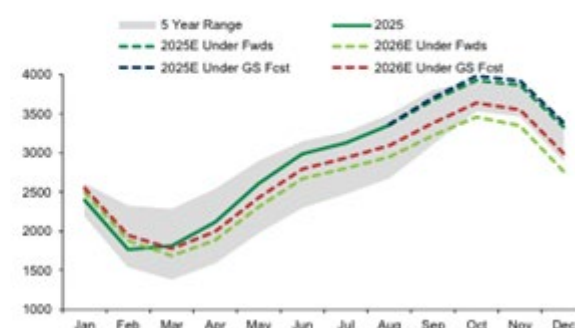
Figure 10: Haynesville Production and Storage (Source: various, via GS)

Exhibit 6: We believe Haynesville will require a significantly higher price incentive than what is currently priced in to grow significantly in 2026
 realized and forecast Haynesville production, Bcf/d



Source: Wood Mackenzie, Goldman Sachs Global Investment Research

Exhibit 7: We estimate US balances tighten excessively by end-2026 under current forwards
 Estimated US L48 storage path under forwards and GS forecast, Bcf



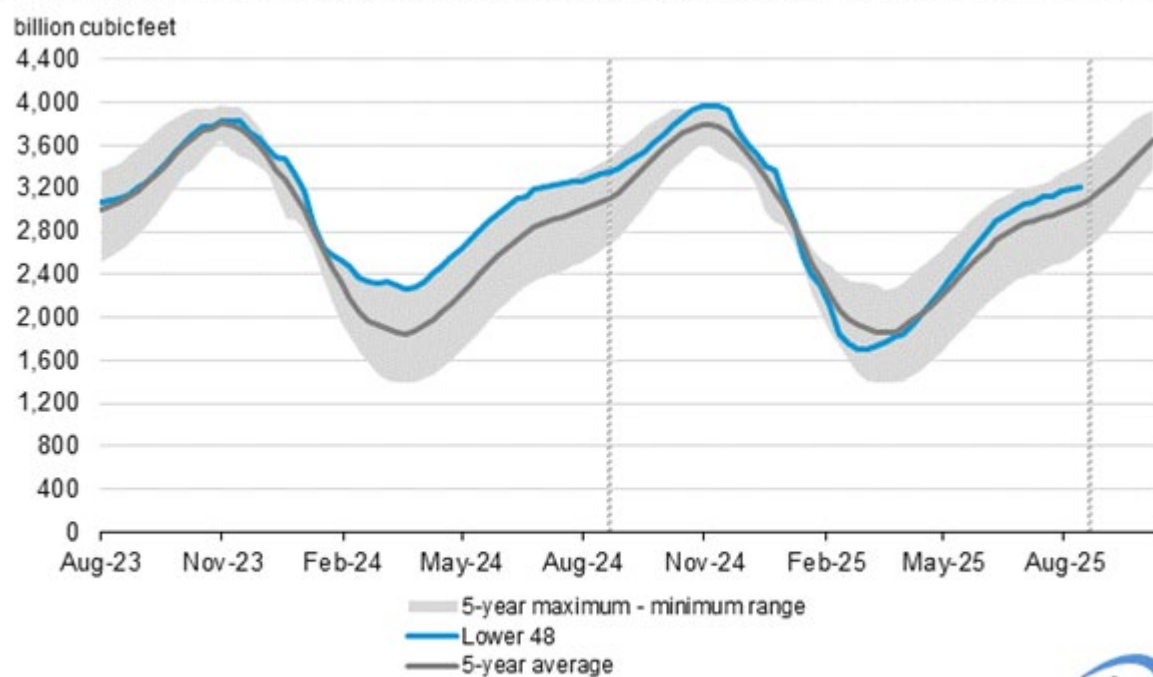
Source: EIA, Goldman Sachs Global Investment Research

Risks to Goldman's bullish view come from weather and global LNG balances. A one-standard-deviation warmer-than-average 2025-26 winter (a 16% probability event under a normal distribution) can add around 550 bcf to storage. For global LNG, the combination of potentially disappointing China LNG demand and a large beat in Russian exports (for example, in a scenario where the US removes its sanctions on Russian LNG), can lead to fast narrowing of the US LNG export arb.

Net injections into storage totalled 18 bcf for the week ending 22 August, compared with the five-year (2020 – 2024) average net injections of 38 bcf and last year's net injections of 35 bcf during the same week. Working natural gas stocks totalled 3,217 bcf, which is 154 bcf (5%) more than the 5-year average and 112 bcf (3%) lower than last year at this time (Figure 11).

Figure 11: US Working Natural Gas in Underground Storage (Source: EIA)

Working gas in underground storage compared with the 5-year maximum and minimum



Data source: U.S. Energy Information Administration



Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2020 through 2024. The dashed vertical lines indicate current and year-ago weekly periods.

Oil Market

The weakness in oil prices has been driven by strong supply delivering relatively large builds in oil reserves (Figure 12). Growth in storage in China is mostly the result of new government directives compelling oil users to increase their strategic reserves (Figure 13). Oil on water is function of increased OPEC+ production looking for markets. Oil looks to have settled into a low \$60's/bbl price range while waiting for the next market moving event.

Figure 12: Global Visible Commercial Oil Stocks (Source: various, via GS)

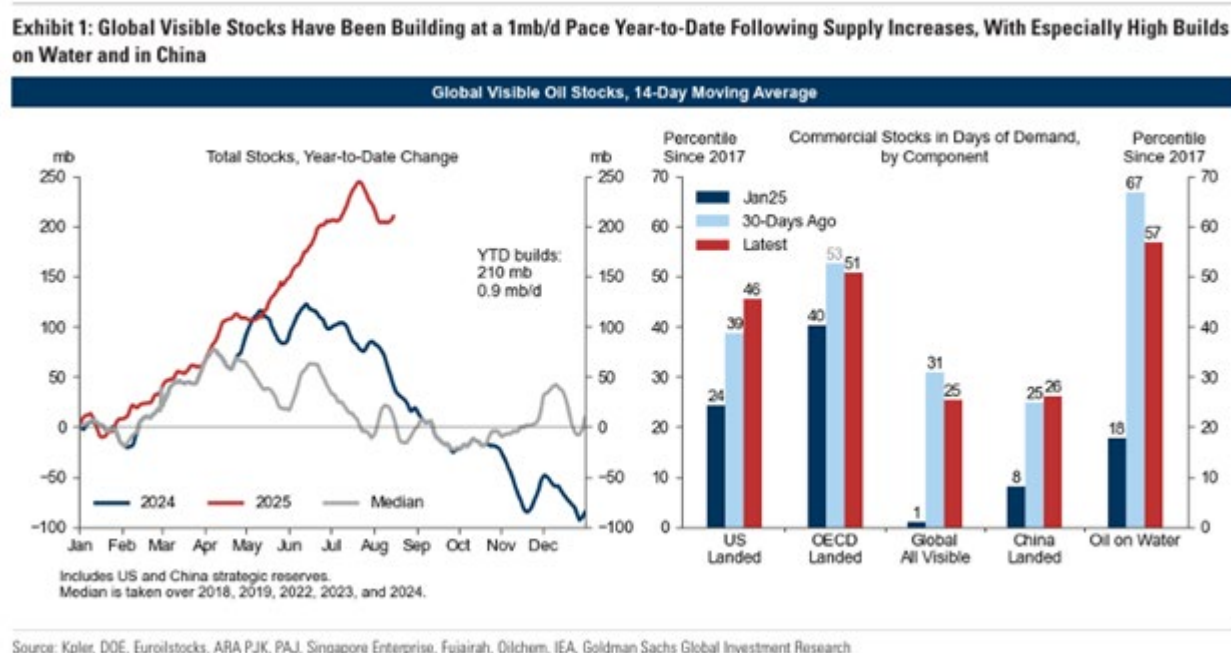
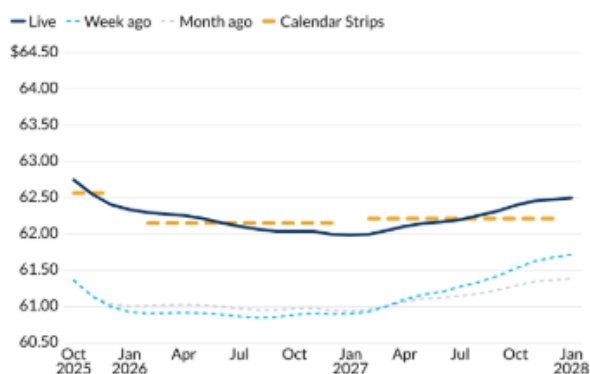
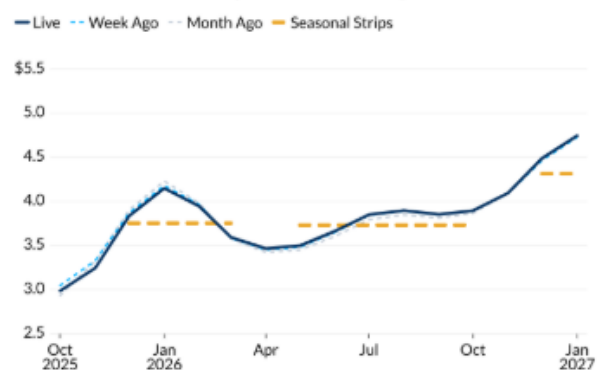


Figure 13: China Storage (Source: various, via GS)



Gas and Oil Prices 15 September 2025**Historical WTI CMA Calendar Strips****Historical Natural Gas Strips****WTI CMA Calendar Strips****Henry Hub Seasonal Strips****Crude Oil Swap Pricing**

| | 2025 | 2026 | 2027 |
|--------------------|----------|----------|----------|
| NYMEX WTI | \$62.49 | \$62.03 | \$62.13 |
| LLS | \$65.43 | \$65.37 | \$65.60 |
| Mars | \$62.27 | \$61.26 | \$62.78 |
| Dubai | \$68.28 | \$65.57 | \$65.70 |
| WCS-WTI | -\$12.27 | -\$12.94 | -\$14.41 |
| ICE Brent | \$66.59 | \$65.88 | \$66.10 |
| Dated Brent | \$67.11 | \$66.01 | \$66.18 |
| West TX Sour (WTS) | \$62.31 | \$61.63 | \$61.63 |

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Natural Gas Basis Swap Pricing

| | prompt | Bal' Summer 25 | Winter 25/26 | Summer 26 | Winter 26/27 |
|----------------------|----------|----------------|--------------|-----------|--------------|
| Henry Hub Fixed | \$2.941 | \$2.941 | \$3.724 | \$3.714 | \$4.307 |
| Panhandle East | -\$0.445 | -\$0.445 | -\$0.074 | -\$0.622 | -\$0.110 |
| Eastern Gas South | -\$1.213 | -\$1.213 | -\$0.694 | -\$1.087 | -\$0.835 |
| Waha | -\$3.455 | -\$3.455 | -\$2.220 | -\$2.479 | -\$0.690 |
| TETCO M3 | -\$1.075 | -\$1.075 | \$1.131 | -\$0.895 | \$1.089 |
| Houston Ship Channel | -\$0.363 | -\$0.363 | -\$0.268 | -\$0.352 | -\$0.213 |

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