



Longreach Energy Holdings LLC

FIRM INFORMATION

Investment Manager

Longreach Alternatives Ltd
ABN 25 082 852 364
AFSL 246747

Sub-Advisor

Longreach Energy Holdings LLC
Delaware registered #565928

KEY INVESTMENT PERSONNEL

Andrew Sinclair

Principal – Commercial Director

Thomas Wagenhofer

Principal – Technical Director

CONTACT US

Longreach Alternatives Ltd

Level 9
88 Phillip Street
Sydney NSW 2000

T+61 2 9135 0428

client.services@longreachalternatives.com

1.0 Market and Portfolio Commentary

1.1 Macro Industry Commentary

US Henry Hub prompt gas prices rose in November with forecasts of a colder than average December and a resulting increase in natural gas demand for heating. Month on more the prompt rose from \$2.71/mmbtu at close on 31 October to \$3.36/mmbtu at close on 29 November. Calendar 2025 also rose, beginning November at \$3.03/mmbtu and closing at \$3.33/mmbtu.

Oil prices drifted lower. The prompt began November at \$69.26/bbl and closed the month at \$68.00/bbl. Calendar 2025 decreased from \$68.16/bbl to 66.76/bbl.

The Republican sweep of US Presidency plus control of both Congress and the Senate is unlikely to have a material impact on the fundamentals of US domestic gas and oil production because industry rules and regulations are predominantly under the purview of individual States. Marginal benefits will be seen from the more rapid removal of the Biden implemented pause on Federal approval of new LNG export facilities, (although note that this pause was generally expected to have been withdrawn early in 2025 irrespective of election winner), with the next wave of LNG facilities from 2030 probably coming on-line a little earlier than would have been the case had the Democrats won. There will also be some modest reduction in the pace of tightening environmental regulations administered by Environmental Protection Agency.

If threats to implement high and broad tariffs come to fruition, demand for oil and gas as an inflation hedge is likely to provide additional price support.

The latest Baker Hughes rig count data follows. In October US total land rigs rose by 4 from 568 to 572. Total oil rigs fell increased by 3 from 479 to 482, gas rigs were unchanged at 102. Oil and gas rig totals include 15 offshore rigs working in November.

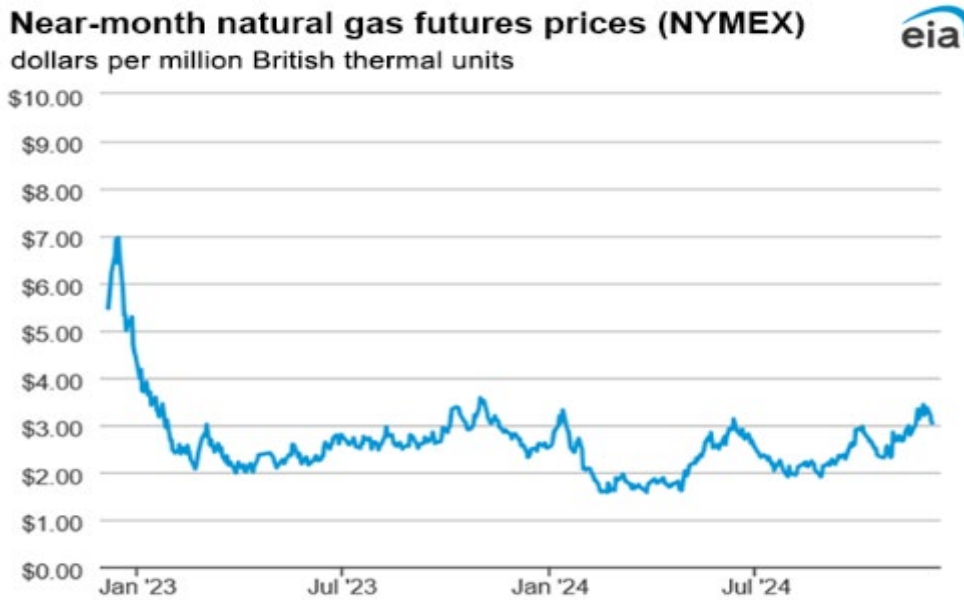
| Baker Hughes NORTH AMERICA Rotary Rig Count | | | | | |
|--|------------|------------|------------|------------|------------|
| 6/12/2024 | | | | | |
| Location | Week | +/- | Week | +/- | Year Ago |
| Inland Waters | 2 | 0 | 2 | 2 | 0 |
| Land | 572 | 5 | 567 | -33 | 605 |
| Offshore | 15 | 2 | 13 | -6 | 21 |
| United States Total | 589 | 7 | 582 | -37 | 626 |
| Gulf of Mexico | 13 | 1 | 12 | -6 | 19 |
| Canada | 194 | -11 | 205 | 0 | 194 |
| North America | 783 | -4 | 787 | -37 | 820 |
| U.S. Breakout Information | This Week | +/- | Last Week | +/- | Year Ago |
| Gas | 102 | 2 | 100 | -17 | 119 |
| Oil | 482 | 5 | 477 | -21 | 503 |
| Miscellaneous | 5 | 0 | 5 | 1 | 4 |
| Directional | 49 | 4 | 45 | -3 | 52 |
| Horizontal | 526 | 5 | 521 | -33 | 559 |
| Vertical | 14 | -2 | 16 | -1 | 15 |



Gas Market

Henry Hub prompt prices held above \$3.00/mmbtu during November (Figure 1).

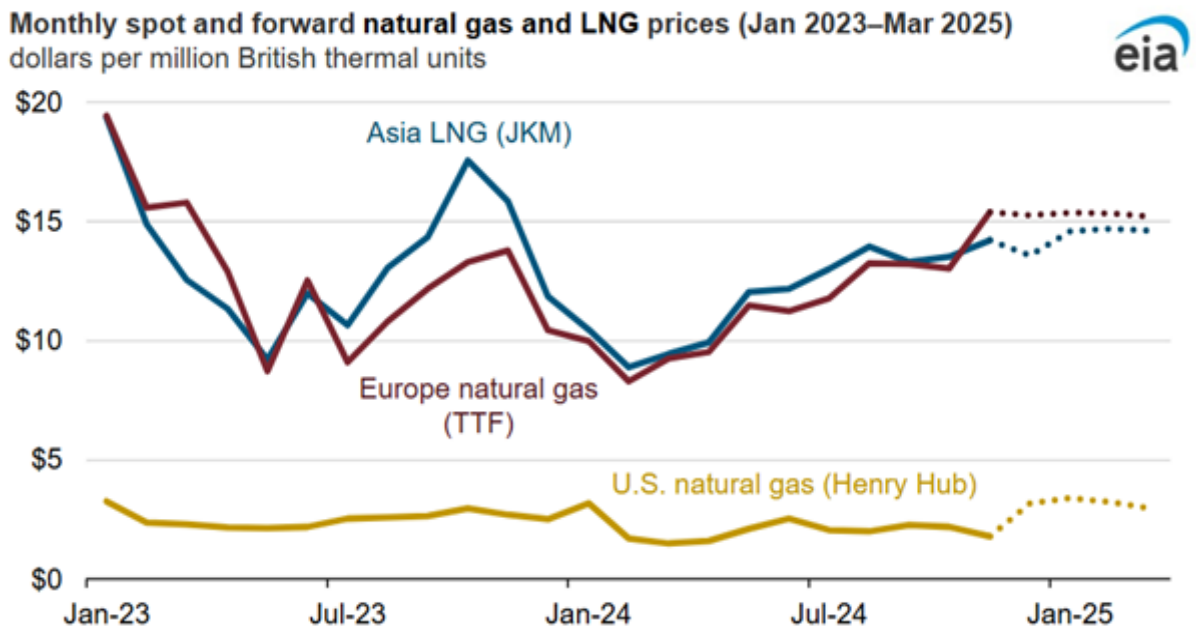
Figure 1: Near Month Henry Hub Futures (Source: EIA)



Data source: CME Group as compiled by Bloomberg, L.P.

US domestic gas prices (Henry Hub) remain substantially below Asian and European gas prices (JKM and TTF respectively) (Figure 2). This price difference provides maximum incentive for US LNG facilities to export the highest possible volumes. The price difference is retained in the forward curves providing strong encouragement for developers of new facilities to expedite construction. The trend to convergence between US domestic and international prices that will be the medium-term consequence of a large US LNG export industry is a core pillar of the Longreach Energy investment thesis.

Figure 2: Monthly Spot and Forward Natural Gas and LNG Prices (Source: Bloomberg, via EIA)



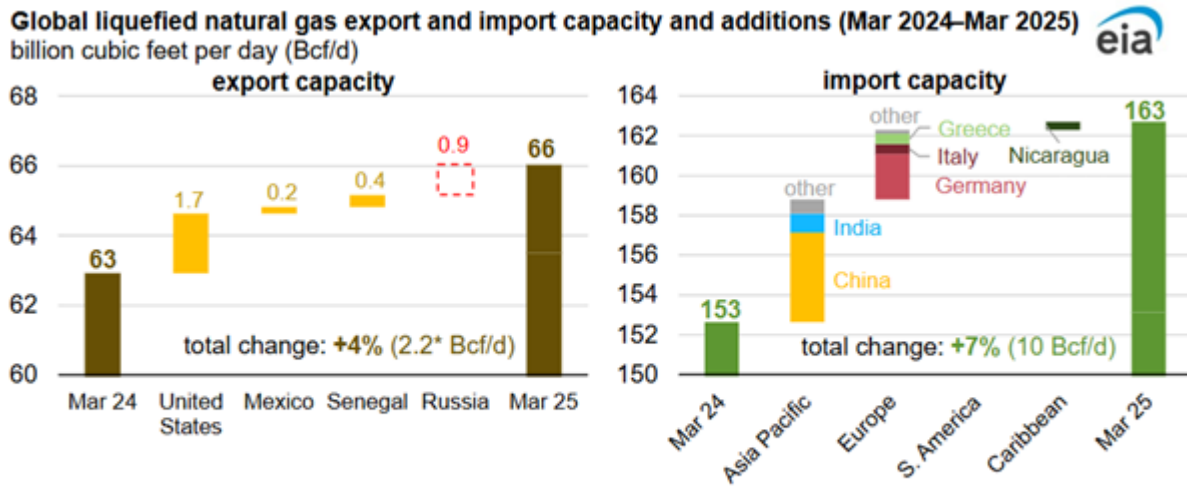
Data source: Bloomberg Finance, L.P.

Note: Price curves as of November 21, 2024. Dotted lines represent forward prices. LNG=liquefied natural gas; Asian LNG=the JKM price benchmark (representing spot and forward LNG prices in Japan, South Korea, Taiwan, and China); European natural gas=benchmark prices at the Title Transfer Facility (TTF)

Figure 3 shows global LNG export and import capacity additions for the year to March 2025. US export growth of 1.7bcf/d comes from the first of seven mid-scale trains at Corpus Christi LNG Stage 3, Plaquemines LNG Phase 1, and additional capacity at Freeport LNG achieved through engineering and operational optimisation. By March 2025 total global LNG export capacity is expected to reach 66bcf/d.

From March 2024 to March 2025 global LNG import capacity is expected to increase from 153 bcf/d to 163bcf/d with growth principally occurring in China, India and Germany. Note that utilisation rates of LNG export facilities are much higher than those of LNG import facilities.

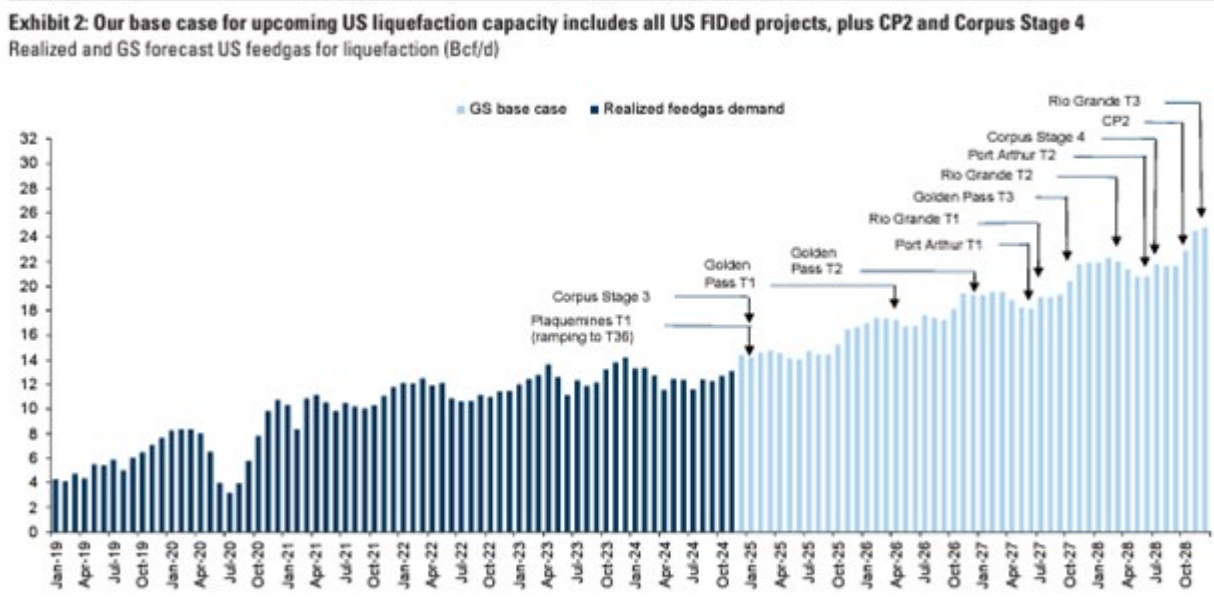
Figure 3: Global LNG Export and Import Capacity Additions (Mar 24 to Mar 25) (Source: EIA)



Data source: U.S. Energy Information Administration
 Note: *Exports from Russia's Arctic-2 LNG project (0.9 Bcf/d capacity) may not be available due to sanctions.

Goldman's base case is that US LNG export capacity reaches 24bcf/d by the end of 2028 (Figure 4). This growth is all from projects that are already fully approved and under construction.

Figure 4: US LNG Feedgas Demand (Source: GS)

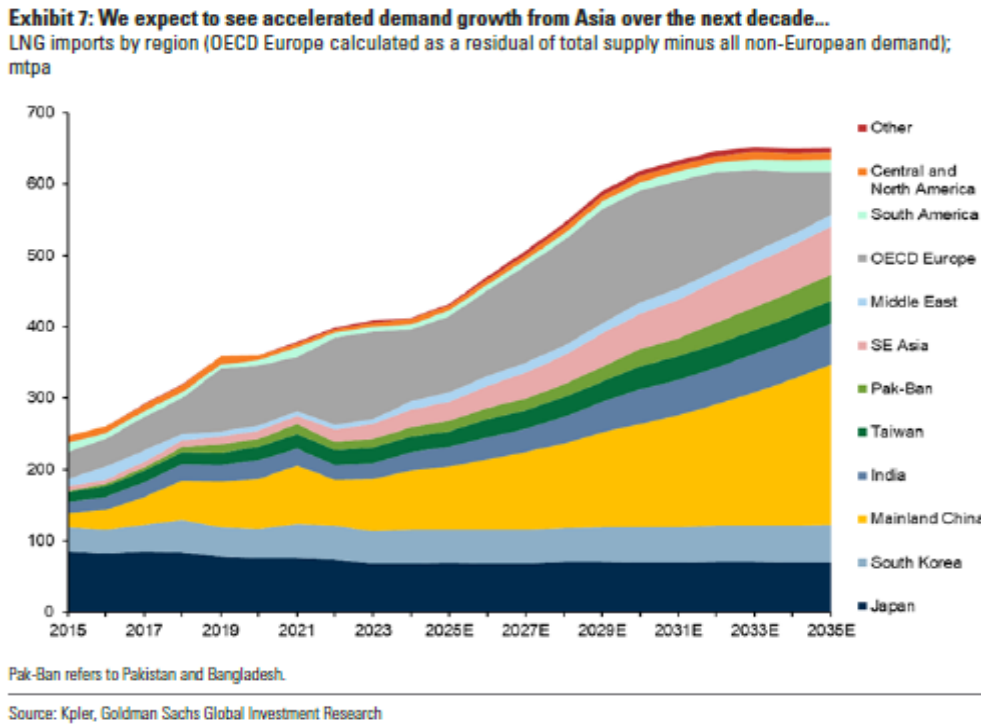


Source: Bloomberg, Goldman Sachs Global Investment Research



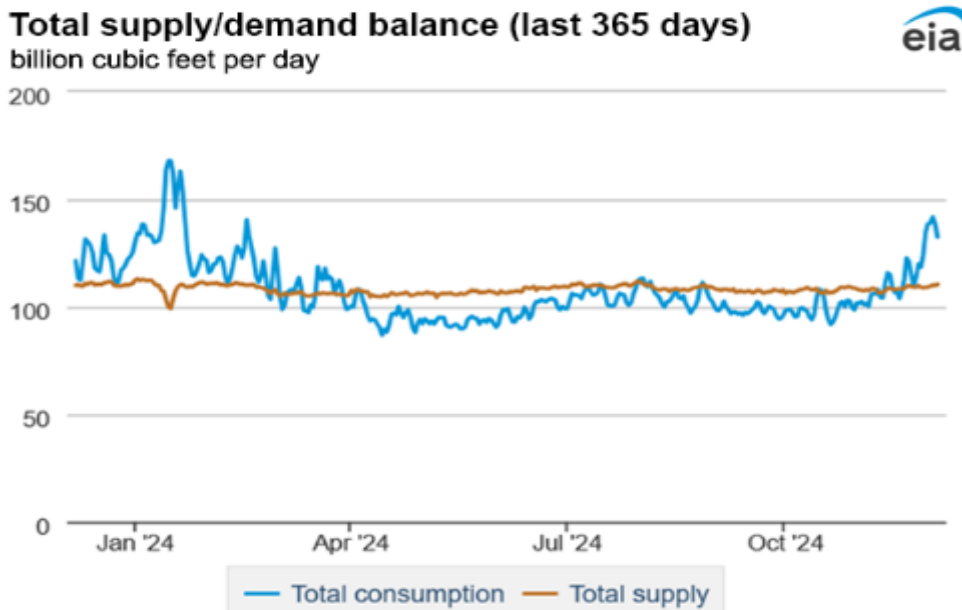
Goldman expects accelerated demand growth from Asia over the next decade. There will be significant demand growth through 2030 from China, driven by a growing gas consumption base and only moderate growth in China domestic production and pipeline imports, together with Southeast Asia and India, supported by a combination of GDP and regasification capacity growth (Figure 5).

Figure 5: LNG Imports by Region (Source: Kpler, via GS)



In the near-term US gas prices will be determined by winter temperatures. The market currently trades on forecast for the next two weeks and this will likely persist until end January. The reason is that cold weather can deliver large spikes in gas demand as seen in the first few days of December (Figure 6). As noted in the October report, an even average cold winter will make a large dent in the current high storage levels.

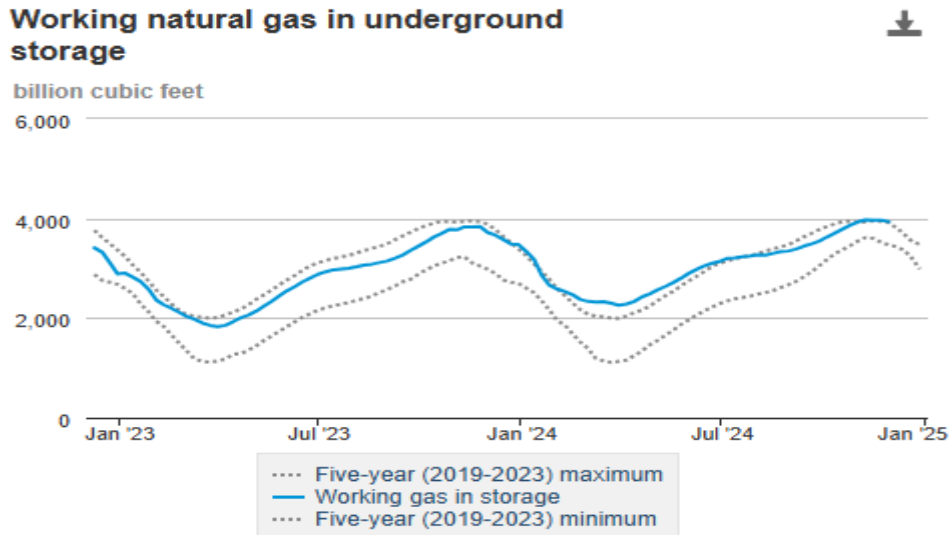
Figure 6: Total US Gas Supply/Demand Balance (Source: EIA)





Ahead of this cold weather, net withdrawals from storage for the week ending 29 November totalled 30 bcf, compared to the five-year (2019-2023) average net withdrawals of 47 bcf and last year's net withdrawals of 81 bcf during the same week (Figure 7). Working natural gas stocks totalled 3,937 bcf, which is 284 bcf (8%) more than the five-year average and 185 bcf (5% more than last year at this time).

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

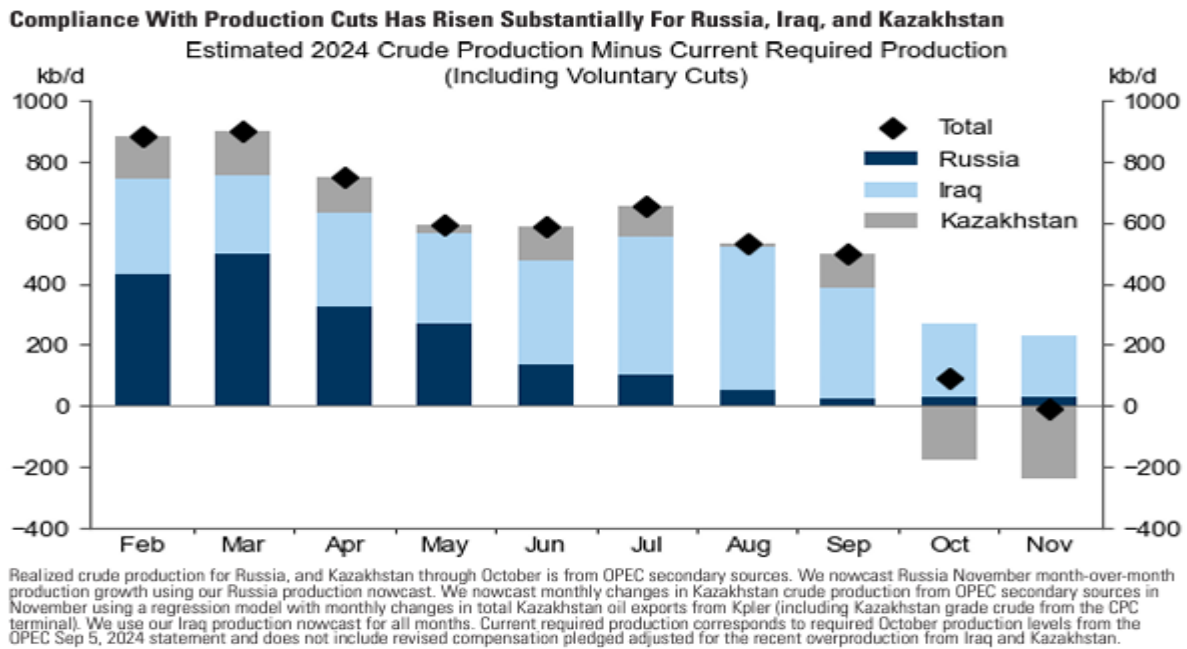


Data source: U.S. Energy Information Administration Form EIA-912, Weekly Underground Natural Gas Storage Report

Oil Market

OPEC+ (OPEC plus Russia) compliance with voluntary cuts to oil supply has risen in October and November (Figure 8). In early December OPEC+ announced an extension of these cuts until at least April 2025. These moves are likely to provide near term support to oil prices.

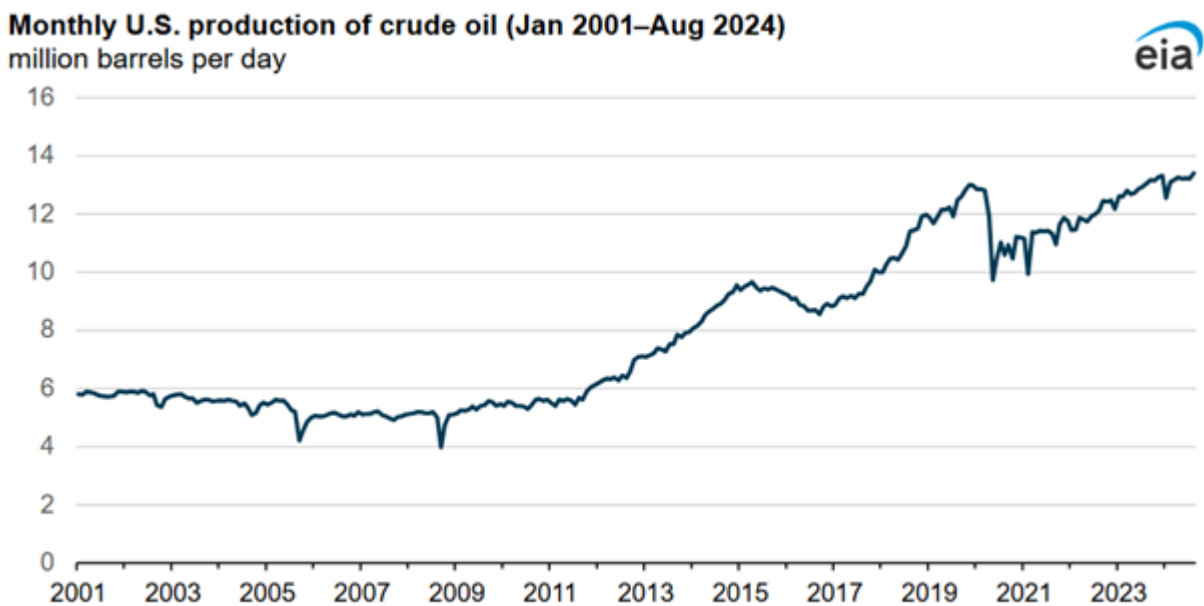
Figure 8: Estimated 2024 Crude Production Minus Current Required Production (Source: various, via GS)



Source: IEA, Kpler, OPEC, Goldman Sachs Global Investment Research

An average of 13.4 million bbls/d of crude oil was produced in the United States during August 2024, a new record according to data from the EIA's Petroleum Supply Monthly (Figure 9). The previous monthly record of 13.3 million bbls/d was set in December 2023.

Figure 9: Monthly US Production of Crude Oil (Jan 2001-Aug-2024) (Source: EIA)



Data source: U.S. Energy Information Administration, *Petroleum Supply Monthly*



Gas and Oil Prices 2 December 2024

Historical WTI CMA Calendar Strips



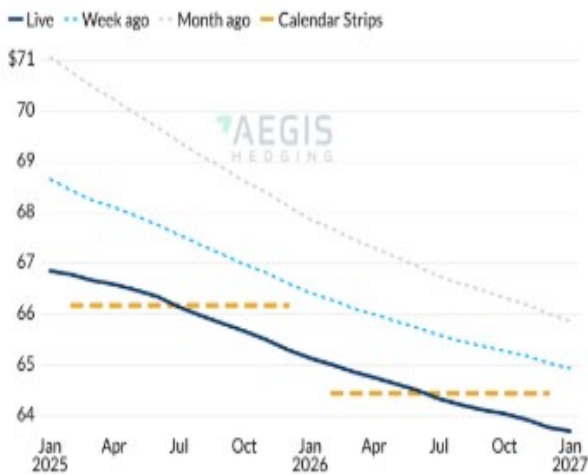
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Historical Natural Gas Strips



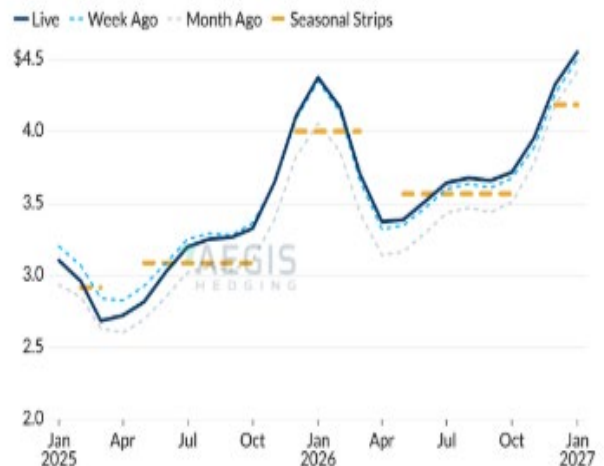
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WTI CMA Calendar Strips



Updated - 2024-12-06 18:45

Henry Hub Seasonal Strips



Updated - 2024-12-06 18:45

Crude Oil Swap Pricing

| | Bal 25 | Cal 26 |
|--------------------|----------|----------|
| NYMEX WTI | \$67.27 | \$65.31 |
| LLS | \$69.68 | \$67.97 |
| Mars | \$66.33 | \$64.38 |
| Dubai | \$70.20 | \$68.47 |
| WCS-WTI | -\$13.77 | -\$14.97 |
| ICE Brent | \$70.92 | \$69.32 |
| Dated Brent | \$70.94 | \$69.23 |
| West TX Sour (WTS) | \$66.56 | \$64.56 |

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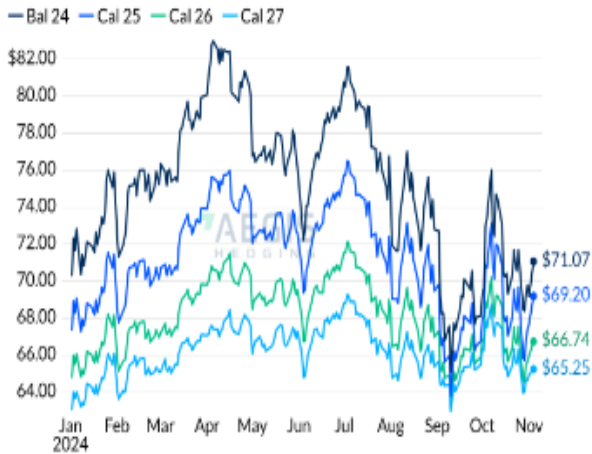
Natural Gas Basis Swap Pricing

| | prompt | Winter 24/25 | Summer 25 | Summer 26 | Winter 25/26 |
|------------------------|----------|--------------|-----------|-----------|--------------|
| Henry Hub Fixed | \$3.129 | \$3.110 | \$3.151 | 3.523 | \$3.950 |
| Panhandle East | \$0.263 | \$0.248 | \$-0.485 | -0.498 | \$0.107 |
| Eastern Gas South | -\$0.460 | \$-0.484 | \$-0.804 | -0.951 | \$-0.762 |
| Waha | -\$1.150 | \$-1.034 | \$-1.734 | -1.731 | \$-1.473 |
| TETCO M3 | \$0.470 | \$0.777 | \$-0.657 | -0.791 | \$0.612 |
| Houston Ship Channel | -\$0.200 | \$-0.223 | \$-0.415 | -0.474 | \$-0.334 |
| Columbia Gulf Mainline | -\$0.115 | \$-0.138 | \$-0.235 | -0.250 | \$-0.163 |



Gas and Oil Prices 1 November 2024

Historical WTI CMA Calendar Strips



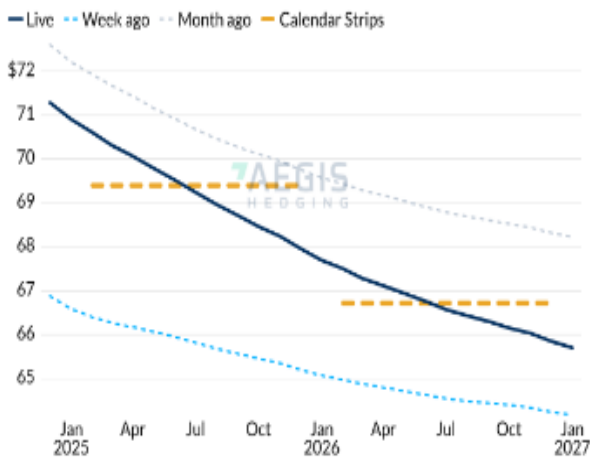
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Historical Natural Gas Strips



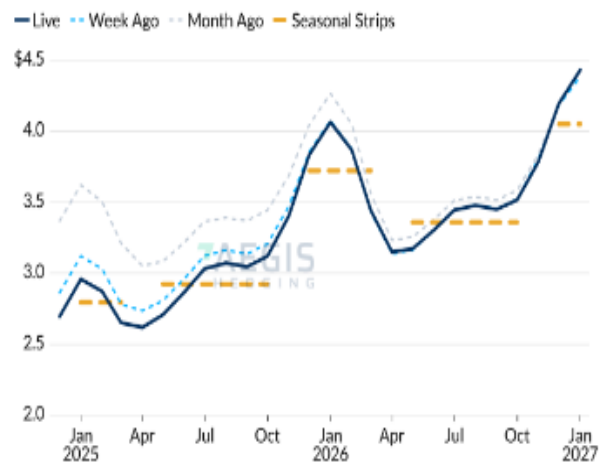
Updated - 2024-11-05 08:00

WTI CMA Calendar Strips



Updated - 2024-11-05 18:45

Henry Hub Seasonal Strips



Updated - 2024-11-05 18:45

Crude Oil Swap Pricing

| | Bal 24 | Cal 25 | Cal 26 |
|--------------------|----------|----------|----------|
| NYMEX WTI | \$71.56 | \$69.56 | \$67.03 |
| LLS | \$73.43 | \$71.84 | \$69.86 |
| Mars | \$70.30 | \$68.04 | \$65.31 |
| Dubai | \$74.48 | \$72.47 | \$70.61 |
| WCS-WTI | -\$13.36 | -\$13.73 | -\$15.35 |
| ICE Brent | \$75.27 | \$73.51 | \$71.29 |
| Dated Brent | NaN | \$73.55 | \$71.31 |
| West TX Sour (WTS) | \$71.09 | \$69.17 | \$66.53 |

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Natural Gas Basis Swap Pricing

| | prompt | Winter 24/25 | Summer 25 | Summer 26 | Winter 25/26 |
|------------------------|----------|--------------|-----------|-----------|--------------|
| Henry Hub Fixed | \$2.781 | \$2.867 | \$2.951 | 3.383 | \$3.748 |
| Panhandle East | -\$0.276 | \$0.099 | -\$0.490 | -0.520 | \$0.110 |
| Eastern Gas South | -\$0.626 | -\$0.563 | -\$0.806 | -0.962 | -\$0.721 |
| Waha | -\$3.016 | -\$1.604 | -\$1.779 | -1.641 | -\$1.463 |
| TETCO MS | -\$0.456 | \$0.444 | -\$0.657 | -0.803 | \$0.523 |
| Houston Ship Channel | -\$0.436 | -\$0.293 | -\$0.396 | -0.447 | -\$0.364 |
| Columbia Gulf Mainline | -\$0.176 | -\$0.162 | -\$0.242 | -0.275 | -\$0.178 |
| NGPL TXOK | -\$0.326 | -\$0.317 | -\$0.377 | -0.404 | -\$0.307 |



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