

# European Natural Gas: Higher for Longer



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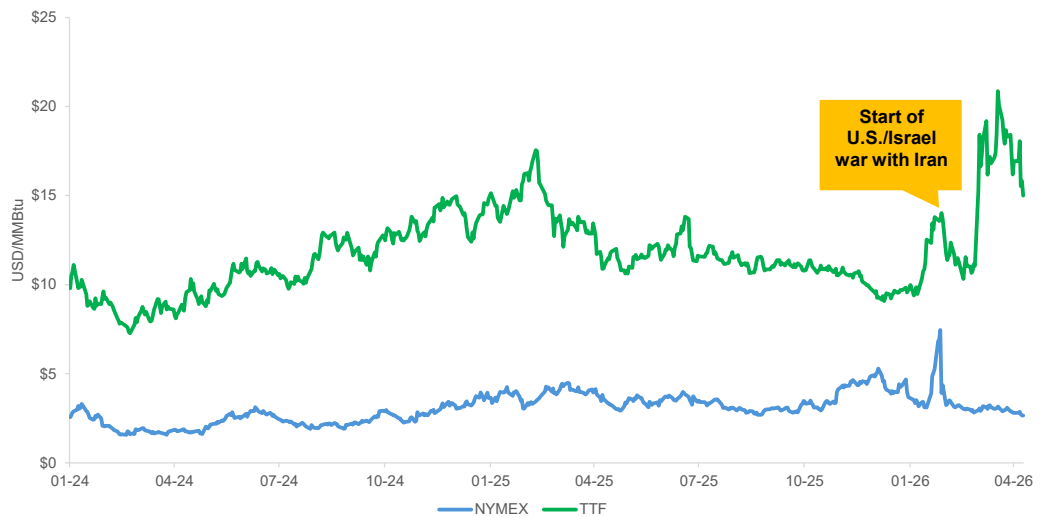
**European gas prices are expected to remain elevated as impacts from the Middle East war, constrained global LNG supply and EU policy decisions will likely create a floor under gas prices.**

## European Natural Gas: Higher for Longer

**European natural gas prices are expected to remain higher for longer** as the impacts from the war in the Middle East, constrained global LNG supply and EU policy decisions will likely create a floor under gas prices. The disparity between natural gas prices in Europe and North America is expected to grow favoring investment in European natural gas producers and developers over domestic producers.

**European natural gas trades at a substantial premium to the U.S. benchmark.** Limited domestic production, a ban on Russian imports of natural gas, a reliance on LNG, low levels of gas in storage all support higher European natural gas prices. Over the last two years the European benchmark price (Dutch Title Transfer Facility (TTF) futures) has averaged US\$11.75/MMBtu while over the same period the Henry Hub futures prices has averaged just US\$3.06/MMBtu. On average over the last few years ending April 10, 2026, the TTF contract has traded at an average premium of US\$8.69/MMBtu to the NYMEX gas contract.

### Exhibit 1: European Natural Gas Trades at a Substantial Premium to Henry Hub Prices



Source: FactSet, Granite Point Research

**Russia used to supply 40% of Europe's natural gas needs but ever since the invasion of Ukraine Russian gas deliveries have been dramatically reduced.**

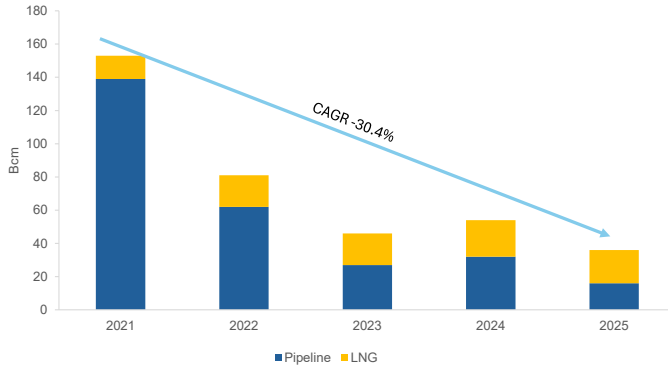
**In 2021, Russia supplied 40% of Europe's gas.** But since Russia's invasion of Ukraine the circumstances have changed. In May of 2022, the EU announced a ban on Russian oil, covering 75% of imports from the country and 90% by year end. In January 2026 the EU decided formally to phase out all imports of Russian natural gas and LNG by 2027 after years of reducing its exposure to Russian energy. To wean themselves off Russian supply, many European countries are turning to liquefied natural gas (LNG) imported from America and Asia. In April of 2022, LNG imports into Europe increased by 47.7% on a year-over-year basis.

**Only 10% of Europe's natural gas needs are met with internal production.** Imports of Russian gas have fallen steadily since 2021 at a CAGR of 30.4% as the EU took a strong stance against Russian aggression in Ukraine. In 2025, Norway<sup>1</sup> was the EU's biggest supplier at 31.1% of total

<sup>1</sup> Norway is not an EU member but is a member in the European Economic Area (EEA)

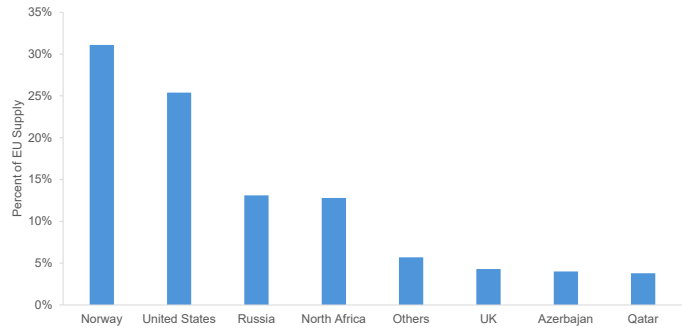
supply followed by the U.S. at 25.4% with Russia still supplying 13.1% while Qatar supplies just under 4% to the EU<sup>2</sup>.

**Exhibit 2: From 2021-25 Russian Imports of Gas to the EU Fell at a CAGR of 30.4%**



Source: IEEFA, Granite Point Research

**Exhibit 3: Norway is the Largest Supplier to the EU followed by the U.S. (2025)**



Source: European Commission, Granite Point Research

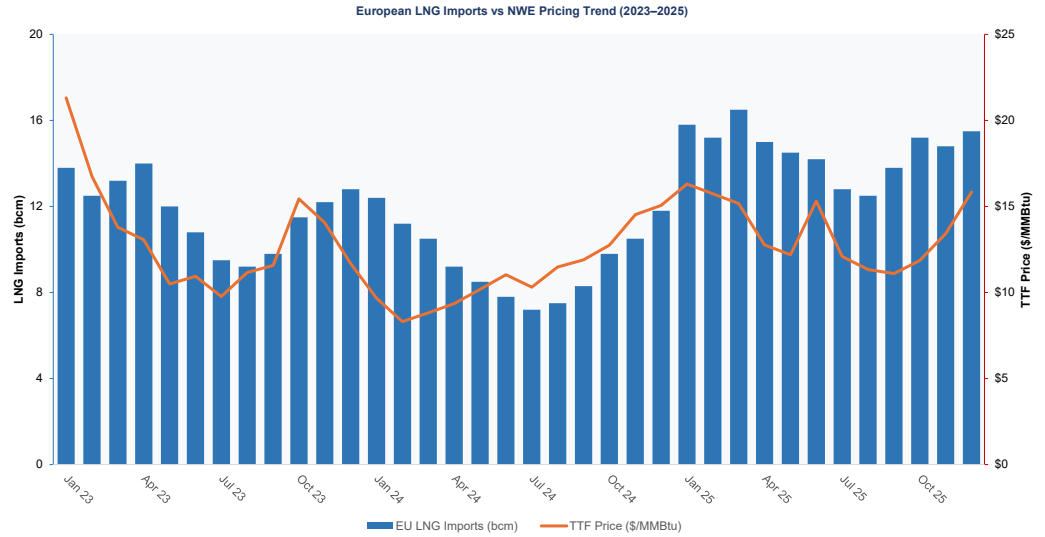
**LNG will likely fill the gap between supply and demand for Europe in the future.**

**EU likely to become even more reliant on LNG in the future** as the complete ban on Russian gas by 2027 approaches. While the Asia Pacific (APAC) region imports almost three times as much LNG as Europe, the growing need within the EU for LNG would materially increase the competition for LNG between the two regions as they vie to secure LNG cargoes.

**In 2025, LNG imports surged 30% on a year-over-year basis in Europe** as typical pipeline volumes shrunk and global LNG ramped up. After record-high LNG imports in 2025, S&P Global Energy CERA forecasts that Europe will import 145.36 million metric tons of LNG in 2026 with about half of Europe’s gas supply coming from LNG. Pricing differentials between the Japan-Korea-Marker (JKM) which captures LNG deliveries to Japan, Korea, China and Taiwan and that of the TTF (European gas benchmark) narrowed in 2025. The JKM-NWE differential in 2025 was just 76.8 cents per MMBtu down significantly from the \$1.15 per MMBtu seen in 2024. This tightening of the JKM-NWE differential in turn, caused the weakening of incentives to move flexible LNG cargoes to Asia and encouraged Atlantic basin cargoes to remain in Europe.

<sup>2</sup> Qatar supplies ~10% of Europe’s natural gas but only ~4% to EU countries

**Exhibit 4: Growing LNG Imports Versus Northwest Europe (NWE) Prices**



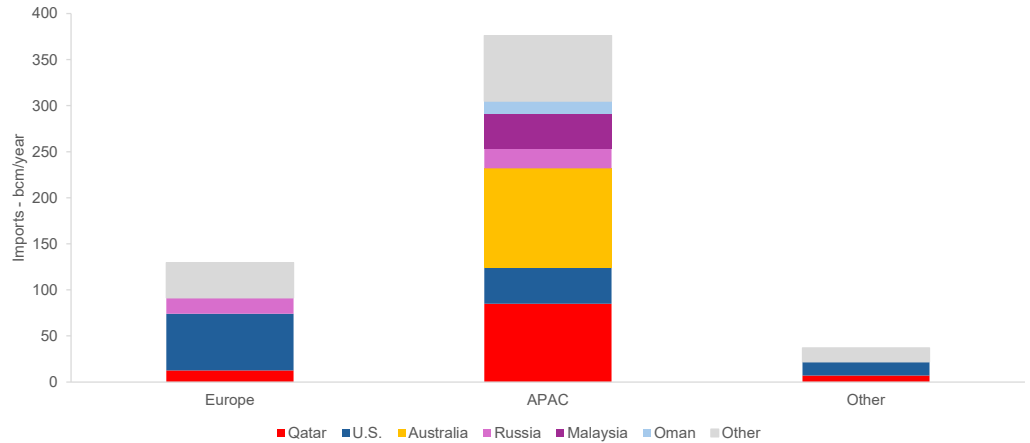
Source: S&P Global Energy, Granite Point Research

**Around 25% of Europe’s total gas supply is LNG.**

**Roughly 20% of global LNG is from Qatar which is now entirely offline.** In 2024, Qatar supplied ~23% of Asian imports and ~10% of Europe’s LNG imports. With the Strait of Hormuz currently closed because of the U.S./Israel war with Iran, Qatar’s LNG is unable to move to markets around the world. With European LNG demand likely to grow in the next few years we expect the level of competitive intensity for LNG cargos to increase.

**We believe that the growing scarcity of LNG cargos will drive prices higher and pit Europe against Asia for increasingly valuable LNG.**

**Exhibit 5: LNG Imports Per Region (bcm/year)**



Source: Energy Institute, Granite Point Research

## The U.S./Israel War with Iran and Its Fallout Support Higher Gas Prices

**Significant damage to infrastructure will take months to fix even if hostilities end tomorrow.**

**Effectively 20% of the world's LNG supply is now offline.**

**Unlike oil, there are no strategic reserves of natural gas.**

**The quicker the resolution to the Middle East conflict the more likely it is that Iran remains in a position to threaten the region again which will result in a risk premium for crude oil and LNG.**

**The war has caused significant damage to oil and gas infrastructure.** On March 2<sup>nd</sup> Qatar's Ras Laffan facility, the world's largest natural gas liquification facility, was attacked by an Iranian drone strike — it's been offline ever since. A week later a missile damaged two of QatarEnergy's 14 liquification units, accounting for 17% of its capacity and 3% of global LNG supply. Repairs will take three to five years, and a planned expansion has been delayed. Weeks of repairs would be necessary for even partial operations to resume. Effectively 20% of the world's LNG supply is now offline.

Once a ramp up of LNG facilities begins it could take at least seven weeks to bring them fully back online. To bring a facility back online the equipment must be purged of moisture to ensure that pipes do not crack as it is cooled back to -162 degrees Celsius. If this process is rushed the metal contracts unevenly rupturing welds. Tankers and liquefaction equipment are designed for constant and high rates of utilization. After being switched off, they need to be turned back on and cooled back down, then restarted one after the other rather than all at once. Repairs to piers or loading equipment typically take months extending the length of time before LNG prices could begin to normalize.

Vessel insurance is another sticking point with most war-risk insurance in the region having been cancelled. Those insurers still writing coverage have raised rates from 0.2-0.4% of vessel value to one percent or more and 10% for the riskiest voyages. It may take quite a while for insurance to become available and then affordable enough for shipowners to feel comfortable enough to transit the Strait of Hormuz.

**We believe that if the current ceasefire becomes permanent, it will likely be four months before markets begin to resemble some semblance of normality.** Every month that Ras Laffan stays closed, the world loses about 2% of annual gas supply and because of the drone/missile strikes whenever operations begin at Ras Laffan full capacity will be lower than it was before the war.

**A blockade lasting 12 months would see global LNG output reduced by 15%** at a time when global demand was forecast to increase by 8%, according to the Oxford Institute for Energy Studies. This was determined even after the researchers considered the impact of new production being spurred on by higher prices.

**Even in the best-case scenario there is now a semi-permanent risk premium for LNG.** Even if we assume that the current ceasefire between Iran and U.S./Israel holds there will be some amount of economic damage in the form of an increased risk premium that will put a floor under international natural gas prices for the foreseeable future. A quick resolution to the conflict suggests that Iran will still be able to close the strait at a time of their choosing which will likely result in higher oil and gas prices than the futures market is currently pricing.

## The World Is Experiencing an LNG Supply Shock

**The world's LNG export capacity is virtually tapped out.** With Qatar's 20% of global export volumes offline the world is experiencing an LNG supply shock. Of the big exporting countries, the LNG facilities in the U.S. are operating at 95% capacity with a new facility, Golden Pass in Texas, experiencing technical difficulties in startup. Australia has some spare capacity with its producers running at 90% capacity. But even if Australia could operate at 100% capacity it would only bring

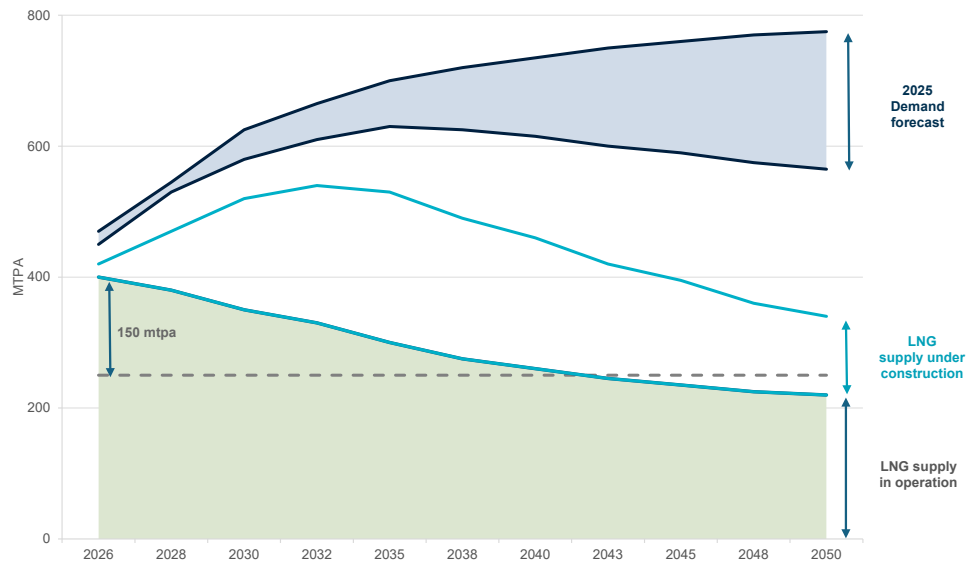
on an additional 10 million tons of LNG supply well short of the 85 million metric tons needed to offset the impact of Qatar being offline.

**The only country with spare capacity is Russia but that is probably a non-starter for Europe.** Russia has existing LNG and pipeline gas as well as available export capacity to help alleviate much of the global gap on short notice. But calling on Russia's spare capacity would require the EU to roll back sanctions on Russia and restart pipelines some of which run through Ukraine. It seems unlikely that the EU would entertain such a notion and Ukraine would be loath to allow its invader to profit from supplying additional gas to Europe.

**Demand is forecast to move sharply higher.** Shell (the world's largest LNG trader) forecasts global demand for LNG to rise by 45-85% by 2050. Global demand for liquified natural gas is estimated to rise by 45-85% by 2050 from 422 million metric tons in 2025 boosted by growing demand from Asia.

**Growing demand and struggling supply will drive LNG prices higher supporting higher European natural gas prices.**

**Exhibit 6: Global LNG Demand Could Increase by 85% by 2050**

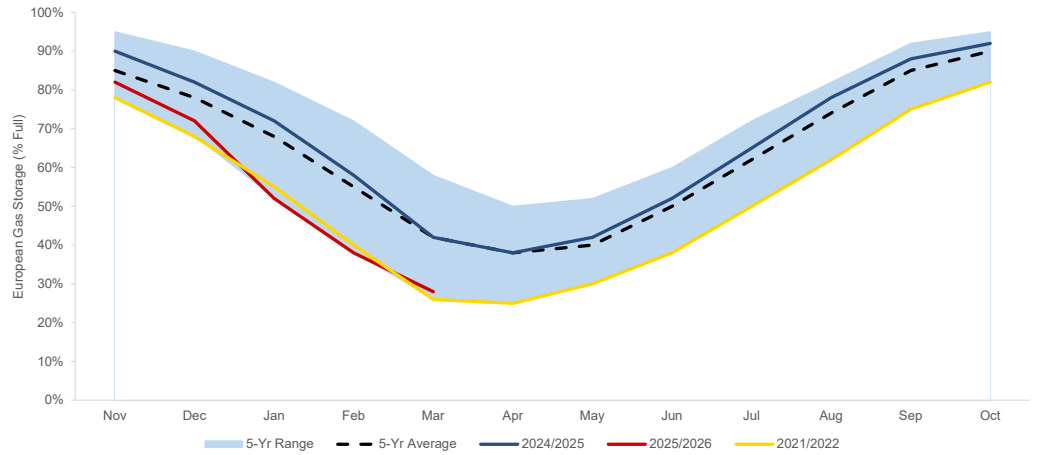


Source: Shell analysis, Granite Point Research

### Europe's Natural Gas Storage Levels Near Record Lows

**This is all happening at a time when gas storage levels in Europe are near record lows.** Increased competition with APAC for LNG volumes could make it increasingly difficult for Europe to fill its inventories over the summer (for winter withdrawal) given its low starting point.

**Exhibit 7: European Gas Storage (% Full)**



Source: Bloomberg, Granite Point Research

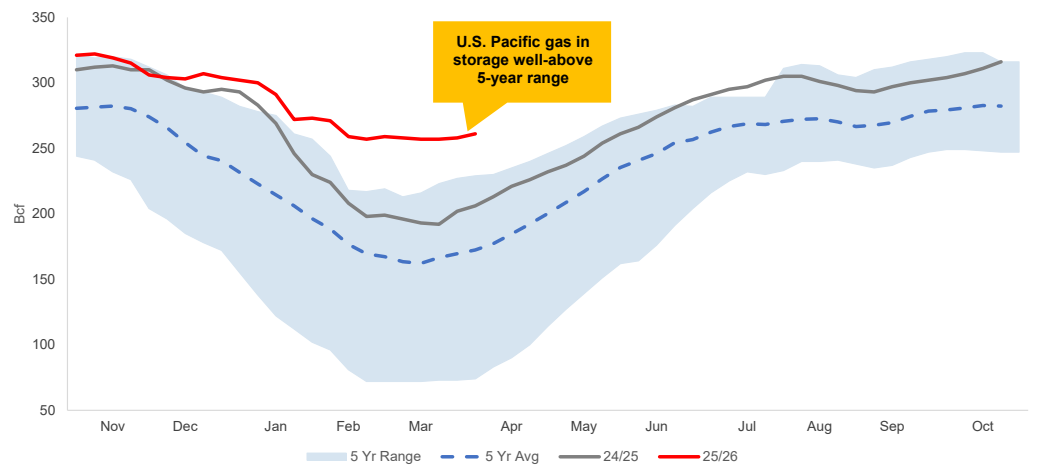
### North American Gas Prices Are Challenged

**NYMEX prompt prices have declined recently**, hitting a 17-month low as forecasts for the lower 48 states call for above-normal temperatures. Warmer-than-expected weather reduces demand for natural gas, particularly for heating, which in turn puts downward pressure on prices. This trend highlights the sensitivity of natural gas prices to temperature forecasts across key U.S. regions.

**AECO prices have also been weak** with Western Canadian storage levels continuing to track near record highs. The next six months could see further pressure on AECO prices as U.S. Pacific storage is close to record highs. This is significant because typically 40% of Western Canadian Sedimentary Basin exports historically flow into the U.S. Pacific.

**Investors should consider focusing on companies with exposure to European natural gas prices.**

**Exhibit 8: U.S. Pacific Gas in Storage (Bcf) – Well Above the Five-Year Range**



Source: EIA, Granite Point Research

**CanCambria Energy (covered by GPR) is one of a very few junior public companies with a sizeable footprint in the heart of Europe and a deep bench of management talent.**

**CanCambria Energy Corp. (CCEC – TSXV) is a junior public company with pure play exposure to European natural gas** in a low-risk basin in the heart of Europe. We initiated coverage ([view report](#)) on CanCambria on November 3, 2025 with a buy rating and a \$1.80 price target (now \$2.05). CanCambria has a compelling, low-risk unconventional asset that can be commercialized by leveraging technology. Management is highly skilled and experienced at developing unconventional natural gas assets.

The Company is a Canadian junior oil and gas exploration and production company that focuses on the acquisition and development of low-risk assets. The Company holds a 100% working interest in the Kiskunhalas Tight Gas Sand Project in Hungary.

### Exhibit 9: CanCambria Is Well Positioned to Benefit from High European Gas Prices

Ticker	Company	Mkt Cap (US\$m)	Share Price (US\$)	Target Price (US\$)	Upside to Target	EV/EBITDAX	P/CF	FCF (\$mm)	EBITDAX	RLI (years)	RRR (%)
BP-GB	BP Plc	\$121,354	\$7.73	\$7.89	2.1%	4.21x	3.71x	11,272	0.84x	4.3	90
LNG-US	Cheniere Energy Inc.	\$55,817	\$265.54	\$300.05	13.0%	#N/A	7.73x	2,461	#N/A	#N/A	#N/A
<b>CCEC-CA</b>	<b>CanCambria Energy Corp</b>	<b>\$40</b>	<b>\$0.33</b>	<b>\$1.83</b>	<b>461.1%</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>
CVX-US	Chevron Corporation	\$376,230	\$188.55	\$209.67	11.2%	9.64x	8.33x	16,817	0.98x	5.7	158
EQNR-NO	Equinor ASA	\$98,989	\$38.72	\$35.83	(7.5%)	2.88x	2.97x	5,977	0.30x	4.8	48
XOM-US	ExxonMobil	\$635,473	\$152.51	\$163.12	7.0%	10.27x	9.97x	23,612	0.58x	7.2	#N/A
SHEL-GB	Shell Plc	\$259,123	\$46.05	\$50.27	9.2%	5.60x	5.28x	21,768	0.79x	5.3	40
TTE-FR	TotalEnergies SE	\$201,766	\$92.20	\$92.65	0.5%	6.25x	5.08x	10,390	0.83x	7.6	116
VET-CA	Vermillion Energy Inc.	\$1,899	\$12.41	\$14.46	16.5%	3.52x	1.86x	234	1.16x	4.5	459

Note: \* GPR provides equity research coverage to CanCambria Energy Corp.  
Note: USD unless otherwise noted

Source: FactSet, Granite Point Research

Our target price for CanCambria is based on our risked Net Asset Value per Share (NAVPS). In arriving at our \$2.05/share target price, we have assigned a 75% probability of commerciality.

### Exhibit 10: CanCambria Risked Net Asset Value

NAV Summary	
(\$000s)	
Discount Rate	10.0%
<b>NAV (After tax, USD)</b>	<b>\$253,711</b>
USD/CAD	1.39
NAV (CAD)	\$352,659
Deficit	(13)
<b>Adjusted NAV (CAD)</b>	<b>\$352,646</b>
Shares Outstanding (000s)	130,716
<b>NAV / Share (CAD)</b>	<b>\$2.70</b>
Target NAV Multiple	0.8x
<b>Target Price (CAD)</b>	<b>\$2.05</b>

Source: Company reports, Granite Point Research

**There is significant upside to our target price if we use the current European natural gas price deck.**

**There is significant upside potential in the shares of CanCambria.** We have used a conservative commodity price deck in arriving at our target price that is significantly lower than the current European natural gas price strip.

**Exhibit 11: There Is Significant Upside Potential for CanCambria's Stock**

		Natural Gas (US\$/Mcf)													
		\$7.00	\$7.50	\$8.00	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50	\$11.00	\$11.50	\$12.00	\$12.50	\$13.00	\$13.50
<b>US\$/Mcf</b>	<b>\$40</b>	(\$3.43)	(\$2.89)	(\$2.35)	(\$1.81)	(\$1.27)	(\$0.73)	(\$0.19)	\$0.35	\$0.89	\$1.43	\$1.97	\$2.51	\$3.05	\$3.59
	<b>\$45</b>	(\$2.86)	(\$2.32)	(\$1.78)	(\$1.24)	(\$0.70)	(\$0.16)	\$0.38	\$0.92	\$1.46	\$2.00	\$2.54	\$3.08	\$3.62	\$4.16
	<b>\$50</b>	(\$2.30)	(\$1.75)	(\$1.21)	(\$0.67)	(\$0.13)	\$0.41	\$0.95	\$1.49	\$2.03	\$2.57	\$3.11	\$3.65	\$4.19	\$4.73
	<b>\$60</b>	(\$1.16)	(\$0.62)	(\$0.08)	\$0.46	\$1.00	\$1.54	<b>\$2.08</b>	\$2.62	\$3.16	\$3.70	\$4.24	\$4.78	\$5.32	\$5.86
	<b>\$65</b>	(\$0.60)	(\$0.06)	\$0.48	\$1.02	\$1.56	\$2.10	\$2.64	\$3.19	\$3.73	\$4.27	\$4.81	\$5.35	\$5.89	\$6.43
	<b>\$70</b>	(\$0.03)	\$0.51	\$1.05	\$1.59	\$2.13	\$2.67	\$3.21	\$3.75	\$4.29	\$4.83	\$5.37	\$5.91	\$6.45	\$6.99
	<b>\$75</b>	\$0.54	\$1.08	\$1.62	\$2.16	\$2.70	\$3.24	\$3.78	\$4.32	\$4.86	\$5.40	\$5.94	\$6.48	\$7.02	\$7.56
	<b>\$80</b>	\$1.10	\$1.64	\$2.18	\$2.72	\$3.26	\$3.80	\$4.34	\$4.88	\$5.42	\$5.96	\$6.50	\$7.04	\$7.59	\$8.13
	<b>\$85</b>	\$1.67	\$2.21	\$2.75	\$3.29	\$3.83	\$4.37	\$4.91	\$5.45	\$5.99	\$6.53	\$7.07	\$7.61	\$8.15	\$8.69

Source: Granite Point Research

## Important Disclosures

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