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Oil & Gas

Helium: Supply Squeeze

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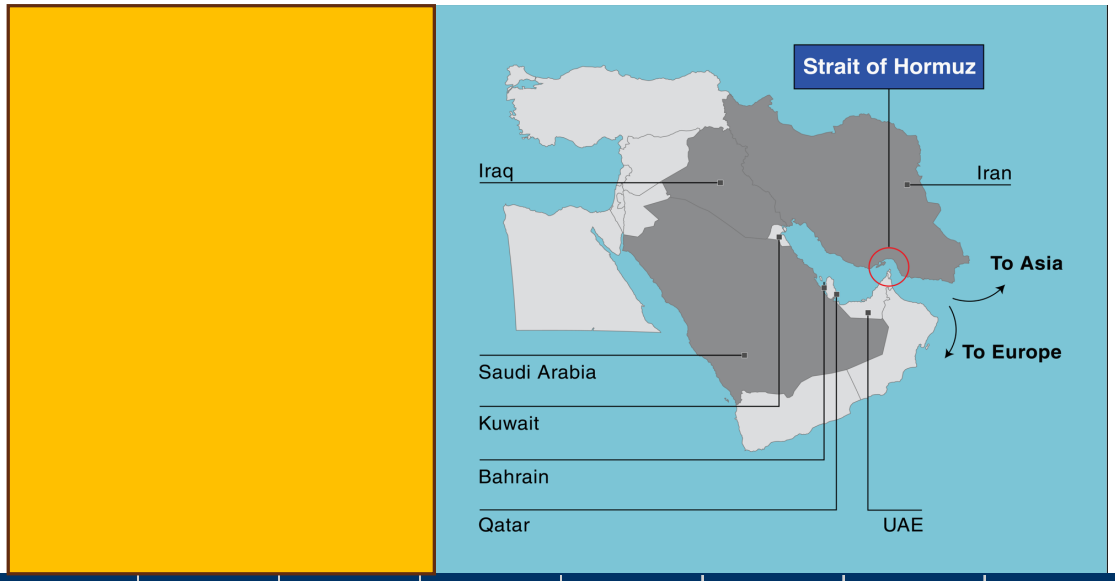
Helium: Supply Squeeze

One third of the global helium supply is now offline with little visibility into when it may come back online.

Over the past few months helium prices have doubled as one-third of global helium supply is now offline. The conflict in the Middle East is causing a global shortage in helium which underscores the tightness of the supply chain. End users and suppliers are scrambling to secure helium and are looking to diversify sources to mitigate risk in this important commodity.

Qatar produces a third of global helium. Iranian attacks on Qatar's Ras Laffan industrial complex have damaged its liquified natural gas (LNG) facilities with recovery expected to take three to five years. This attack on critical Gulf infrastructure has had a dramatic impact on the global helium market as helium is one of the main components of the evaporation gas produced in LNG storage tanks. With the Ras Laffan complex badly damaged about one third of global helium production is now offline with little visibility into when production from Qatar might resume. With one of the world's largest helium producer's facing capacity constraints, prices are rising quickly.

Exhibit 1: The Strait of Hormuz Is a Vital Chokepoint for Many of the World's Most Critical Commodity Exports



	Crude oil	Petroleum products	LNG	Urea	Sulfur	Petro-chemicals[1]	Aluminum	Helium	Celestite
Saudi Arabia	✓	✓	✓	✓	✓	✓	✓		
Qatar	✓	✓	✓	✓	✓	✓	✓	✓	
UAE	✓	✓	✓	✓	✓	✓	✓		✓
Iran	✓	✓		✓	✓	✓	✓		✓
Iraq	✓	✓		✓	✓				
Kuwait	✓	✓		✓	✓	✓			
Bahrain	✓						✓		

Source: World Bank, UN Comtrade, EIA, Granite Point Research

Supply Squeeze Likely To Be Long Dated

We expect the current supply squeeze to last for quite some time. Resuming normal operations through the Strait of Hormuz is months not weeks away even if hostilities end tomorrow.

We expect the supply squeeze to continue for some time. The conflict in the Middle East has now morphed into a volatile standoff with access to the Strait of Hormuz controlled by Iran. Some sources have claimed that the long-established shipping lanes that run through the center of the strait, mostly in Omani waters have been mined. Global stocks of helium have been depleted after seven weeks of war and they will need to be rebuilt when the conflict ends. There can be no assurance that the hostilities are finally over and if peace holds it will be some time before vessel transits through the strait return to prior levels. Mines, after all, would be an insurers worse nightmare. We believe, that most tankers will take a wait and see approach before commiting their vessels to such a voyage.

The damage to Qatar's Ras Laffan complex was significant and early estimates are that repairs will take three-to-five years to bring capacity fully back. Even if partial production can be restored it will still leave the global helium market undersupplied for quite some time, pressuring prices higher.

In a globalized world risk can't be completely mitigated for supply chains. Helium exported from the Gulf is processed in Asia into intermediate goods, such as semiconductors, which are shipped to other regions around the world and incorporated into finished products. This interconnected system allows supply constraints in one region to rapidly cause component shortages and production challenges worldwide.

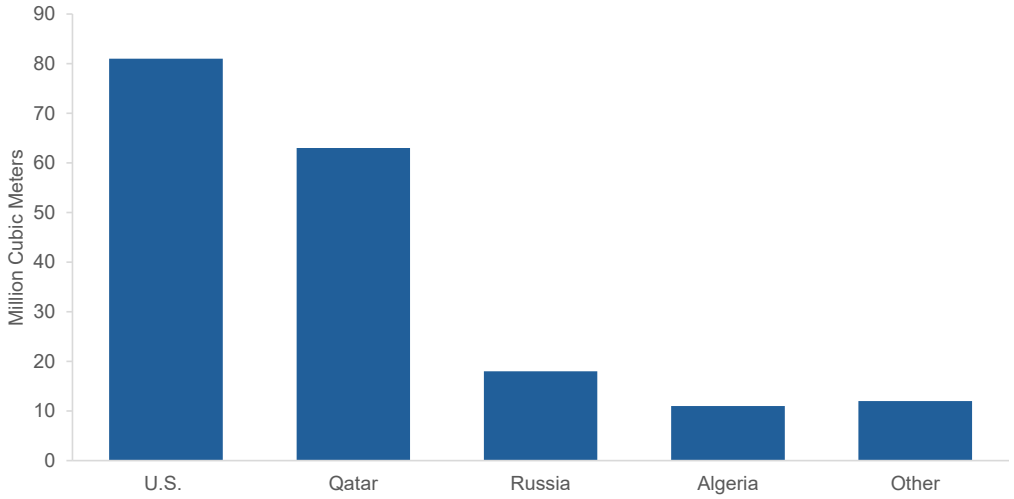
Supply Is Concentrated In Just Four Countries

Just four countries produce 93.5% of the world's helium.

There are just four countries responsible for 93.5% of the world's helium; the U.S., Qatar, Russia and Algeria. The global helium market is around 185 million cubic meters of production per year. Helium production is typically a byproduct of natural gas processing although some producers are green helium producers whereby the helium is sourced and produced in an environmentally friendly manner with nitrogen as the carrier gas.

The U.S. produces around 44% of the world's helium with Qatar producing ~34%, Russia ~9.7%, Algeria ~6% and other countries (includes Canada) producing the balance (~6.5%). Natural gas fields typically contain trace amounts of helium with extraction occuring when the helium content exceeds around 0.3% (average is ~1%). Natural gas is then cooled to a point at which all other gases in the mixture have become liquids and only gaseous helium remains. Helium must be liquified to be stored efficiently and transported globally. Despite being the world's largest helium producer, the U.S. remains heavily dependent on foreign sources. As of 2023, Qatar accounted for 40% of U.S. helium imports.

Exhibit 2: Global Helium Supply Is Reliant on Four Countries (93.5% of Total Supply)



Source: Granite Point Research

Canada has the fifth-largest reserves but lacks a proper supply chain.

Canada has the fifth-largest reserves of helium globally but lacks a proper supply chain. In 2025, Canada produced 6 million cubic meters (~3.2% of supply) with Alberta and Saskatchewan being the primary producing provinces.The sector needs to build production facilities and pipelines to further capitalize on the opportunities.

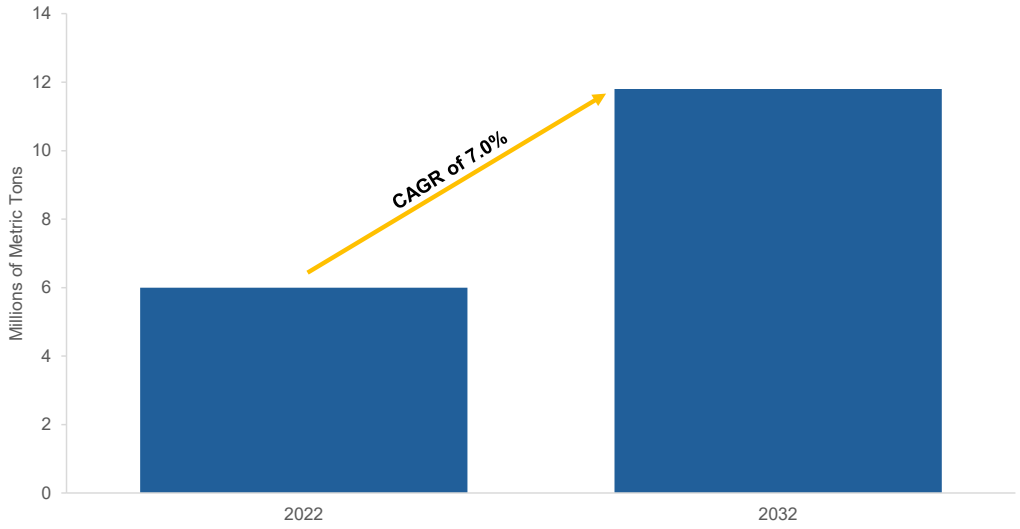
Canada lacks facilities to liquify the gas which is essential to storing helium efficiently and helium must be liquified to be transported globally. Currently, helium produced in Canada is condensed and trucked to the U.S., where it is liquified.

Helium in liquid form has a limited shelf life because it evaporates during transport. Normally you have 45 days to get it to the end-user before it evaporates making the current unrest in the Middle East problematic. Many of the tankers that would be needed to deliver helium from the Gulf have been repositioned to other corners of the world until the uncertainty is removed. These delays will further exacerbate already tight supply chains when QatarEnergy is back running at full-tilt.

Production is dominated by a few large producers and several junior producers. Linde plc (LIN – NYSE) is a market leader which operates large-scale extraction plants in the Qatar and the U.S. ExxonMobil (XOM-NYSE) produces about 20% of the world's helium at its Shute Creek/LaBarge facility in Wyoming. QatarEnergy is a massive contributor of global supply while Air Products and Chemicals, Inc. (APD-NYSE) and Air Liquide (EPA-AI) have significant helium production and distribution. As well, there are several smaller companies active in Canada and the U.S.

Helium is a niche market with global sales of US$4.2 billion (2025) growing to ~US$7.5 billion in 2034, according to Precedence Research. In 2022, global production was six million metric tons of helium, but it is expected that by 2032 global supply will have increased to ~12 million metric tons growing at a CAGR of 7%.

Exhibit 3: Helium Supply Is Growing at a CAGR of 7.0% (2022-2032)



Source: Statista, Granite Point Research

Helium Has No Substitutes and Can't Be Synthesized

Helium cannot be synthesized, has no substitutes and is found in recoverable quantities in only a few locations globally. Demand for helium is driven by its unique properties. Helium is inert, meaning it doesn't react to other substances, and it readily absorbs heat, which makes it ideal for cooling things down. It has the highest thermal conductivity of any gas and the smallest atomic radius.

There is no substitute for helium in chip manufacturing.

Its unique properties make it indispensable for many high-tech applications particularly in silicon chip manufacturing. The unique nature of helium makes it indispensable in the production of semiconductors, smartphones, MRI scanners, hard drives and spacecrafts and of course party balloons. Demand from the semiconductor, healthcare (MRI) and aerospace sectors is strong and annual demand for these three sectors has been growing at 5% a year since 2023.

The shortage of helium is impacting production of Asian chipmakers. Helium is used in several key stages of chipmaking, including cooling, leak detection and precision manufacturing processes. Its unique and irreplaceable properties are used for wafer backside cooling during lithography and etching, maintaining stable thermal and vacuum conditions in advanced process tools, leak detection, gas purging and as a carrier gas in plasma-enhanced chemical vapor deposition and extreme ultraviolet lithography. Even trace impurities or temperature fluctuations at the nanometer scale can significantly reduce yields for chipmakers.

South Korea memory giants exposed. South Korea is home to some of the world's leading Dynamic Random Access Memory (DRAM) and high-bandwidth memory (HBM) producers. In 2025, South Korea imported ~74.7% of its helium from Qatar. Samsung Electronics and SK Hynix combined account for about 70% of the global DRAM supply and a commanding share of the HBM used in artificial intelligence accelerators. With on-site fabrication inventories measured in days to weeks, Samsung Electronics and SK Hynix are actively trying to diversify sources.

Taiwan Semiconductor (TMSC), the foundry that produces ~90% of the world's most advanced logic chips, faces challenges due to the helium shortage. In 2024, TMSC sourced approximately 69% of its helium from Gulf Cooperation Council (GCC) countries, predominantly Qatar.

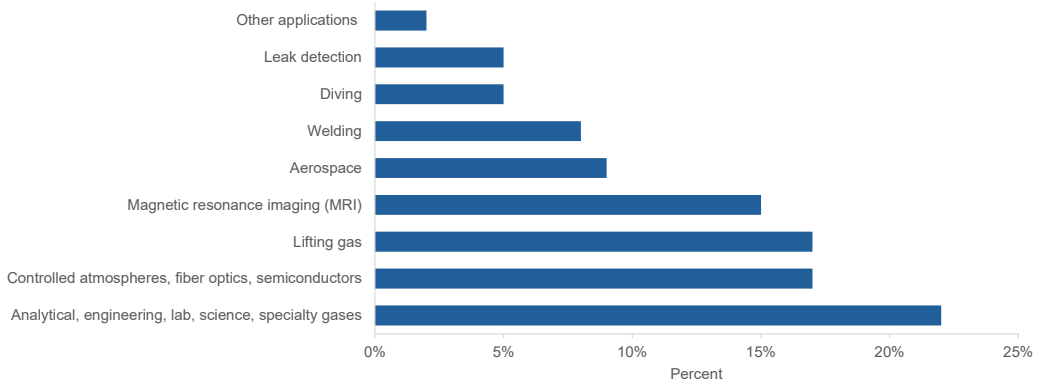
Indirect risks are faced by fabless companies such as Nvidia and AMD which are dependent on Samsung/SK Hynix and Samsung for memory and TSMC for advanced logic chips through their Asian supply chains. Micron, on the other hand is a major memory producer with substantial U.S. operations, benefits from U.S. helium across its own fabs.

Helium is used to cool the magnets of MRI machines so they can continue to generate images. U.S. patients undergo an estimated 40 million MRI scans per year to help diagnose spinal cord and brain injuries as well as strokes, heart conditions and cancers.

We believe that North American helium gas producers could face greater demand and pricing power.

We believe that North American helium gas producers could face greater demand and pricing power as the global supply chain continues to tighten and customers shift toward more reliable North American supply.

Exhibit 4: U.S. Helium Usage by Sector



Source: USGC, Granite Point Research

Prices Set by Long Term Contract

Helium prices could exceed US$2,000/mcf if disruptions to the global supply chain persist.

Helium prices are set by long-term contracts making pricing opaque. There is no traded futures market for helium as there is for oil and gas making price discovery more difficult. We believe that average long-term contracts were around US$500-$600 per thousand cubic feet (Mcf) in 2022 and 2023. Specialized higher end contract prices can reach over US$1,000/Mcf and higher depending on market conditions. Helium prices could exceed US$2,000/mcf if disruptions to the global supply chain persist according to AKAP Energy.

Shift away from Bureau of Land Management (BLM) pricing has led to greater price volatility. The U.S. BLM reserve, which previously anchored prices, has reduced its market role, leading to a more open but volatile pricing market.

Ripple Effects

Short supply is having an impact on markets as diverse as automotive, electronics and data-center supply chains with elevated costs rippling around the world. The current conflict in the Middle East is not the first supply shock to hit the helium market nor is it likely to be the last. Even before the current conflict between the U.S./Israel and Iran there were ongoing concerns and tensions about Russia and Qatar.

Because helium is found in recoverable quantities in only a few locations globally the industry is very prone to geopolitical shocks.

This is the fifth major helium crunch since 2006, highlighting the fragility of the supply chain. Because helium is found in recoverable quantities in only a few locations globally, the industry is more prone to shocks, particularly geopolitical shocks. Unlike oil, which is produced by 90-100 countries worldwide, four countries provide most of the world's helium leaving the global supply chain vulnerable shocks. Also, the inability to hedge prices in the futures market adds to price volatility for both helium producers and end-users.

A supply crunch occurred in June 2024 when Messer, a large private industrial gas company purchased the U.S. Federal Helium System from the Bureau of Land Management (BLM) for approximately $423 million. Messer acquired the Federal Helium Reserve, the 423-mile crude helium pipeline, and the Cliffside Field, which previously supplied a significant portion of U.S. helium. The Federal Helium Reserve was a massive underground stockpile based in Amarillo, Texas, that supplied up to 30% of the country's helium. This change effectively privatized a key supply source of helium for industries such as aerospace and medical imaging and reduced the buffer in the market created by a government administered reserve.

Junior Producers Have the Most Leverage to Rising Helium Prices

Altura Energy Corp (covered by GPR) is one of a very few junior public companies with existing helium production.

Altura Energy Corp. (ALTU – TSXV) is one of a few junior public companies with existing production. It produces helium with operations in Arizona's Holbrook Basin. The company is in the process of upgrading infrastructure to scale production. In April 2026 it secured a new farm-in agreement for 2,560 acres in the Holbrook Basin to expand its footprint.

Altura is a green helium producer (minimal hydrocarbons produced) with extremely high helium concentrations of between 5-8% versus traditional helium production from natural gas with concentrations of just ~1%.

Altura's helium concentrations are between 5-8% far greater than the typical 1% concentration.

Exhibit 5: Altura Is Well Positioned to Benefit from High Helium Prices

Ticker	Company	Mkt Cap (C$mm)	Share Price (C$)	Target Price (C$)	Upside to Target	Current Production	EV/EBITDAX	P/CF	FCF ($mm)	Net Debt/ EBITDAX
ALTU-CA	**Altura Energy Corp.**	**$22**	**$0.32**	**$0.60**	**87.5%**	**Yes**	**#N/A**	**#N/A**	**#N/A**	**#N/A**
AVN-CA	Avanti Helium Corp.	$57	$0.47	#N/A	#N/A	No	#N/A	#N/A	(3)	#N/A
DME-CA	Desert Mountain Energy Corp.	$31	$0.33	#N/A	#N/A	Yes	#N/A	#N/A	(3)	#N/A
PLSR-CA	Pulsar Helium, Inc.	$300	$1.85	$2.03	9.8%	No	#N/A	#N/A	(16)	#N/A

Note: * GPR provides equity research coverage to Altura Energy Corp.
Note: Canadian dollar unless otherwise noted

Source: FactSet, Granite Point Research

Our target price for Altura Energy is based on our Net Asset Value per Share (NAVPS).

Exhibit 6: Altura Energy Net Asset Value

NAV Summary	($000s)
Discount Rate	10.0%
NAV (After tax, USD)	**32,572**
USD/CAD	1.38
NAV (CAD)	44,950
Deficit	-51,440
Adjusted NAV (CAD)	**44,950**
Fully diluted shares — TSM (000s)	83,521
NAV/Share (CAD)	**$0.53**
Target Price (CAD)	**$0.60**

Source: Company reports, Granite Point Research

We believe there is significant potential upside to Altura's stock price.

There is significant upside potential in the shares of Altura Energy, especially if higher helium prices are sustained.

Exhibit 7: There Is Significant Upside Potential for Altura's Stock

		Helium Price (US$/MCF)											
		$125	$250	$375	$500	$625	$750	$875	$1,000	$1,125	$1,250	$1,375	$1,500
Helium Concentration (%)	0.5%	-$0.07	-$0.06	-$0.05	-$0.04	-$0.02	-$0.01	$0.00	$0.01	$0.02	$0.04	$0.05	$0.06
	1.0%	-$0.06	-$0.04	-$0.01	$0.01	$0.04	$0.06	$0.08	$0.11	$0.13	$0.15	$0.18	$0.20
	2.0%	-$0.04	$0.01	$0.06	$0.11	$0.15	$0.20	$0.25	$0.30	$0.34	$0.39	$0.44	$0.49
	3.0%	-$0.01	$0.06	$0.13	$0.20	$0.27	$0.34	$0.41	$0.49	$0.56	$0.63	$0.70	$0.77
	4.0%	$0.01	$0.11	$0.20	$0.30	$0.39	$0.49	$0.58	$0.68	$0.77	$0.86	$0.96	$1.05
	5.0%	$0.04	$0.15	$0.27	$0.39	$0.51	$0.63	$0.75	$0.86	$0.98	$1.10	$1.22	$1.34
	6.0%	$0.06	$0.20	$0.34	$0.49	$0.63	$0.77	$0.91	$1.05	$1.20	$1.34	$1.48	$1.62
	6.5%	$0.07	$0.23	$0.38	**$0.53**	$0.69	$0.84	$1.00	$1.15	$1.30	$1.46	$1.61	$1.77
	7.0%	$0.08	$0.25	$0.41	$0.58	$0.75	$0.91	$1.08	$1.24	$1.41	$1.58	$1.74	$1.91
	8.0%	$0.11	$0.30	$0.49	$0.68	$0.86	$1.05	$1.24	$1.43	$1.62	$1.81	$2.00	$2.19
	9.0%	$0.13	$0.34	$0.56	$0.77	$0.98	$1.20	$1.41	$1.62	$1.84	$2.05	$2.26	$2.48
	10.0%	$0.15	$0.39	$0.63	$0.86	$1.10	$1.34	$1.58	$1.81	$2.05	$2.29	$2.52	$2.76

Source: Granite Point Research

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RATING	COVERED COMPANIES
BUY	4
HOLD	
SELL	

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