FALCONBRIDGE RESOURCES COMMODITY REPORT

Barite 2026

Performance, Insights, & Outlook

www.falconbridgeresources.com

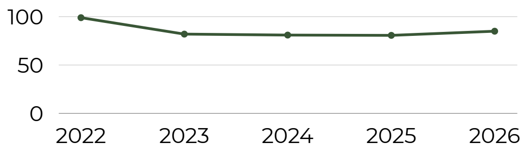
THE MACRO VIEW
ENERGY IS BECOMING HARDER TO EXTRACT

MARKET AT A GLANCE

Global Market Value	$2B
Global Production Volume	8MMT
Global Trade Volume	4MMT
Countries Impacted	150+

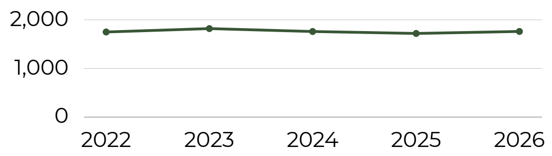
WHAT IS DRIVING THE MARKET

BRENT OIL OUTLOOK
$78 - 85/bbl

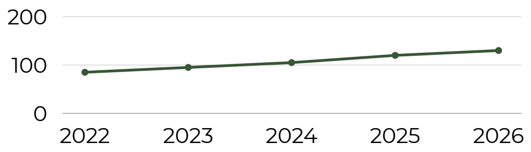


Forecast Range (2026)

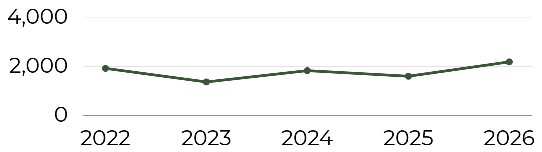
GLOBAL ACTIVE RIG COUNT
1,761 rigs



DEEPWATER INVESTMENT
$130 Bn



FREIGHT RISK (BDI INDEX)
1,500 - 2,200



High Volatility Range

MACRO PRESSURE DRIVERS

Higher upstream extraction costs
Oilfield maturity is increasing, resulting in more high-cost barrels.
Impact Level: **High**

LNG competition with Asia
Structural demand premium for gas
Impact Level: **Medium High**

Slower new discoveries
Long-cycle replacement problem intensifies
Impact Level: **High**

OPEC + supply discipline
Lower spare capacity limits market cushion
Impact Level: **High**

Geopolitical
Strait & chokepoint vulnerabilities persist
Impact Level: **High**

Energy transition bottlenecks
Mineral & copper intensity rising
Impact Level: **Medium**

FALCONBRIDGE RESOURCES INSIGHTS

MARKET SIGNAL

Energy production is becoming more complex, not simply larger.

Investment is increasingly shifting toward deepwater, shale, and technically challenging reservoirs that require greater drilling fluid intensity and higher barite consumption per project.

RISK INSIGHT

Supply security is becoming as important as supply availability.

As demand expands across multiple energy basins while production remains concentrated in a limited number of origins, logistics reliability, freight exposure, and sourcing flexibility are becoming critical market factors.

TRADE IMPLICATION

Barite demand may remain resilient even if rig growth slows.

Traditional indicators such as rig count may understate demand as modern wells require greater drilling fluid volumes and more complex drilling programs than conventional developments.

THE SHIFT
THE DRILLING IS BECOMING MORE INTENSIVE

MORE INPUTS, FLATTER OUTPUT

Year	Global Rig (Active Rigs)	Global Oil Production (Million bpd)	Market Phase
2022	1,346	93.8	Post-Pandemic Energy Shock
2023	1,412	101.8	Technological Efficiency Peak
2024	2,138	103.6	The High-Intensity Drilling Peak
2025	1,815	103.9	Consolidation & M&A Activity
2026	1,761	104.5	The Current Discipline Plateau

CORE STRUCTURAL INDUSTRY METRICS

Upstream CAPEX
$541 B
+28.2% vs 2014

Breakeven Oil Price
$65/bbl
+27.4% vs 2014

Average Well Cost
$11.1 M
per deepwater well

Project Lead Time
7.5 YRS
+36.4% vs 2014

Note:Percentages represent the change from the 2014 baseline to projected 2026 levels..

HARDER TO ACCESS RESOURCES ARE DRIVING THE SHIFT

+28% Deepwater (>1,500m)

+42% Ultra-Deepwater (>2,500m)

+37% Tight Oil (Shale)

+31% Arctic Marine Drilling

+26% Non-OPEC Supply Blocks

With shallow reservoirs depleted, complex high-risk environments have increased since 2014.

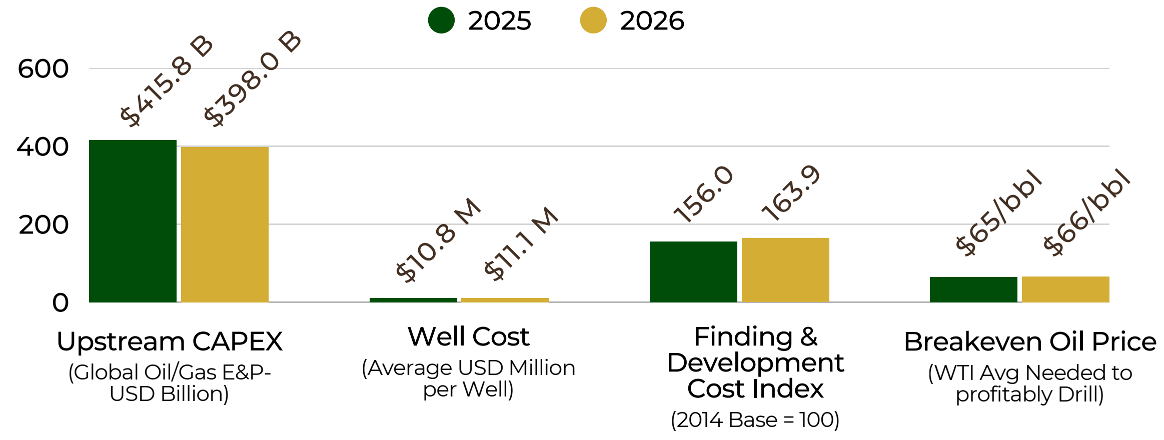
THE NEW ENERGY LANDSCAPE

Avg. Project Lead Time
7.5 Yrs
2024
+2.7%
7.3 Yrs
2025

Mega Projects (>500 mbpd)
3.0
2025 - 2026
STEADY

Sanctioned Capacity Volume
100+ bcm/yr
2024
-75%
25.0 bcm/yr
2014

RISING COST OF DELIVERING SUPPLY



FALCONBRIDGE RESOURCES INSIGHTS

MARKET SIGNAL

Barite demand is increasingly linked to drilling intensity rather than drilling activity.

While rig growth remains moderate, deeper wells, longer laterals, and more complex drilling programs are increasing material requirements per project.

PROCUREMENT RISK

Traditional demand forecasting models may understate future barite requirements.

Relying solely on rig counts may overlook the growing material intensity associated with deepwater, shale, and high-pressure drilling environments.

Tip: *Monitor project complexity alongside drilling activity when assessing future demand.*

TRADE IMPLICATION

Supply security is becoming more important than spot availability.

As drilling programs become more dependent on specialized inputs, disruptions in sourcing, logistics, or freight networks can have a greater impact on project execution and procurement costs.

Tip: *Evaluate sourcing resilience and freight exposure in addition to pricing.*

THE TRADE FLOW
THE DISTANCE BETWEEN SUPPLY & DEMAND

SUPPLY HUBS
WHERE BARITE COMES FROM

~30% CHINA

~26% INDIA

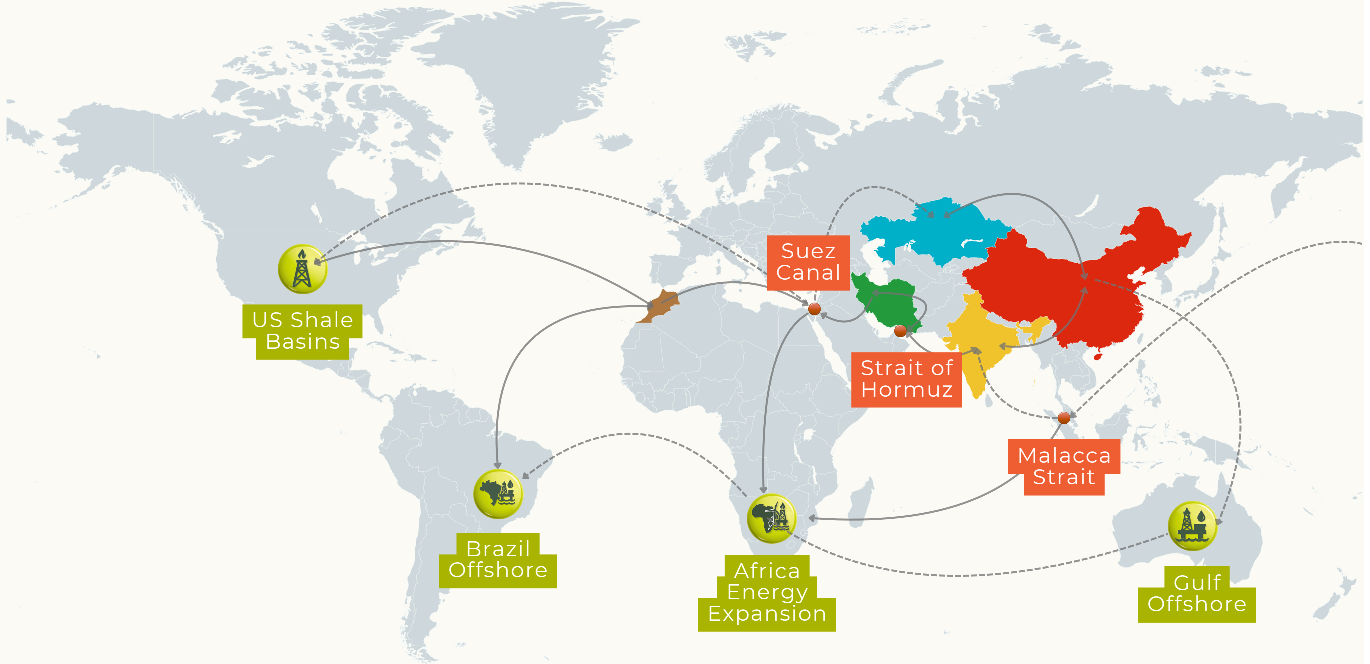
~10% MOROCCO

~5% KAZAKHSTAN

~4% IRAN

GLOBAL BARITE TRADE FLOW MAP

CHINA · INDIA · KAZAKHSTAN · IRAN · MOROCCO



EMERGING DEMAND CENTERS

US SHALE BASINS
Driven by horizontal drilling & completions
HIGH & STABLE DEMAND

GULF OFFSHORE
Deepwater & offshore drilling activity
CRITICAL SUPPLY HUB

BRAZIL OFFSHORE
Pre-salt drilling expansion drives rising demand
LONG-HAUL IMPORTS

AFRICA ENERGY EXPANSION
New exploration & drilling projects across Africa
DEMAND SET TO GROW

CRITICAL CHOKE POINTS

STRAIT OF HORMUZ
~20% of global oil & bulk trade passes through this strait
EXTREME GEOPOLITICAL RISK

SUEZ CANAL
~12% of global trade passes through the Suez Canal
CONGESTION & DIVERSION RISK

MALACCA STRAIT
~60% of global seaborne trade to Asia passes through here
HIGH DEPENDENCY CORRIDOR

FREIGHT EXPOSURE

LONG HAUL DISTANCE
3,000 - 20,000+ nautical miles

FREIGHT COST VOLATILITY
Sensitive to fuel, demand & trade distruptions.

TRANSIT TIME RISK
Delays at ports & chokepoints impact reliability

INSURANCE & RISK PREMIUM
Rising premiums in high-risk corridors

FALCONBRIDGE RESOURCES INSIGHTS

MARKET SIGNAL

Barite demand is expanding across multiple energy basins while supply remains concentrated in a limited number of origins.

The market is increasingly dependent on long-haul trade routes connecting a small group of producers to geographically diverse drilling regions.

SUPPLY RISK

The greatest threat to supply may be logistics rather than mining output.

As demand expands across offshore and shale markets, disruptions in freight corridors, port operations, or transit routes can impact availability faster than changes in production.

Tip: *Monitor Suez, Hormuz, and Asia-Europe freight corridors alongside production trends*

TRADE IMPLICATION

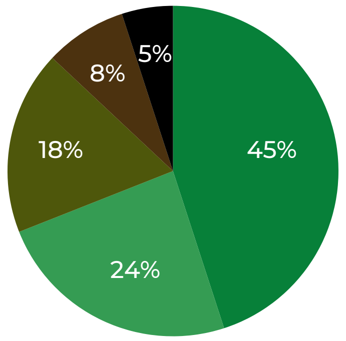
Supply security is becoming a competitive advantage.

Import-dependent buyers may increasingly benefit from diversified sourcing strategies rather than relying on a single origin or corridor.

Tip: *Evaluate origin diversity, freight exposure, and corridor dependency when assessing procurement risk.*

THE HIDDEN MARKET DRIVERS
FREIGHT & OPERATIONAL EXPOSURE

FREIGHT COST BUILD-UP BREAKOUT



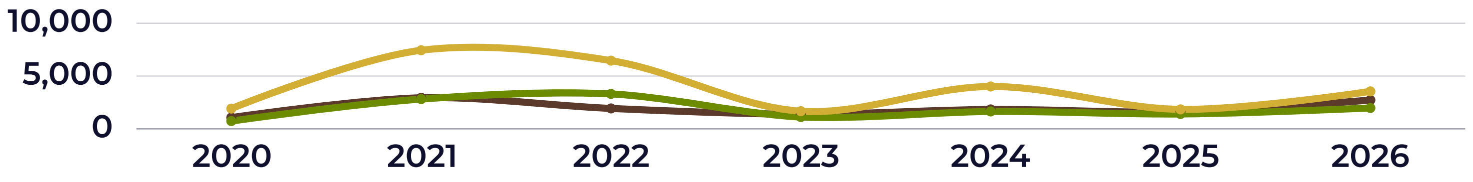
FROM OCEAN FREIGHT TO PORT HANDLING, EVERY OPERATIONAL VARIABLE SHAPES THE TRUE COST OF COMMODITY TRADE (JUNE 2026 VS JUNE 2025)

BALTIC DRY INDEX (BDI)	CONTAINER FREIGHT INDEX (WCI AVG)	MARINE FUEL PRICE (VLSFO)	GLOBAL AVG. TRANSIT TIME	FREIGHT VOLATILITY INDEX (30D)
2,729 | +48.2%	$3,549 | +18.3%	$952.60/MT | +61.7%	48.5 Days | +26%	48.5% | +34.7%

OPERATIONAL EXPOSURES IMPACTING COMMODITY TRADE

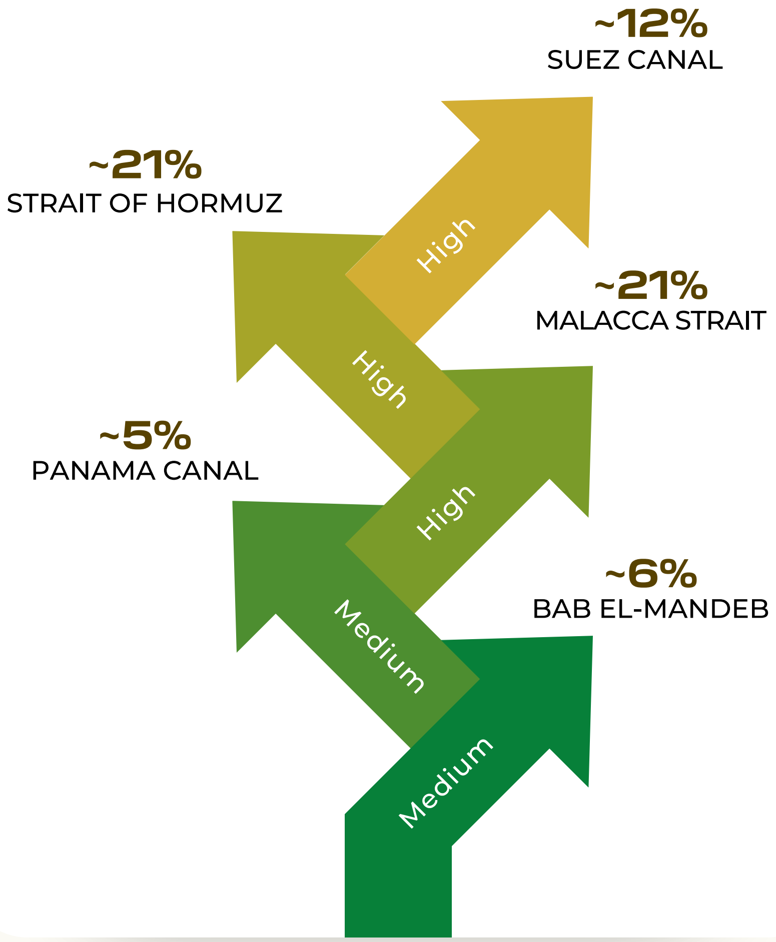
FACTOR	MARINE FUEL COST	PORT CONGESTION	EQUIPMENT AVAILABILITY	WEATHER DISRUPTIONS	GEOPOLITICAL RISK
IMPACT ON COST	High	High	Medium	Medium	High
IMPACT ON LEAD TIME	Low	High	Medium	High	High
TREND (2024-2025)	Rising	Higher	Improving	Volatile	Elevated

OCEAN FREIGHT TRENDS (2020-2026)



	2020	2021	2022	2023	2024	2025	2026
BDI	1,066	2,943	1,934	1,378	1,841	1,612	2,729
WCI	$1,920	$7,440	$6,461	$1,674	$4,012	$1,845	$3,549
Harpex Index	740	2,820	3,310	1,120	1,650	1,410	1,980

KEY CHOKEPOINTS: RISK SNAPSHOTS (GLOBAL SHARE & RISK LEVEL)



FALCONBRIDGE RESOURCES INSIGHTS

MARKET SIGNAL

Commodity pricing is increasingly influenced by operational variables beyond production.

As supply chains become longer and more exposed to freight, fuel, congestion, and corridor risks, delivered cost is being shaped by how commodities move, not just where they are produced.

RISK INSIGHT

The greatest cost risk may occur after the commodity leaves the mine.

For globally traded minerals such as barite, freight volatility, transit delays, port congestion, and geopolitical disruptions can create cost fluctuations that exceed changes in production economics.

***Tip:** Monitor logistics indicators alongside commodity fundamentals when evaluating procurement exposure.*

TRADE IMPLICATION

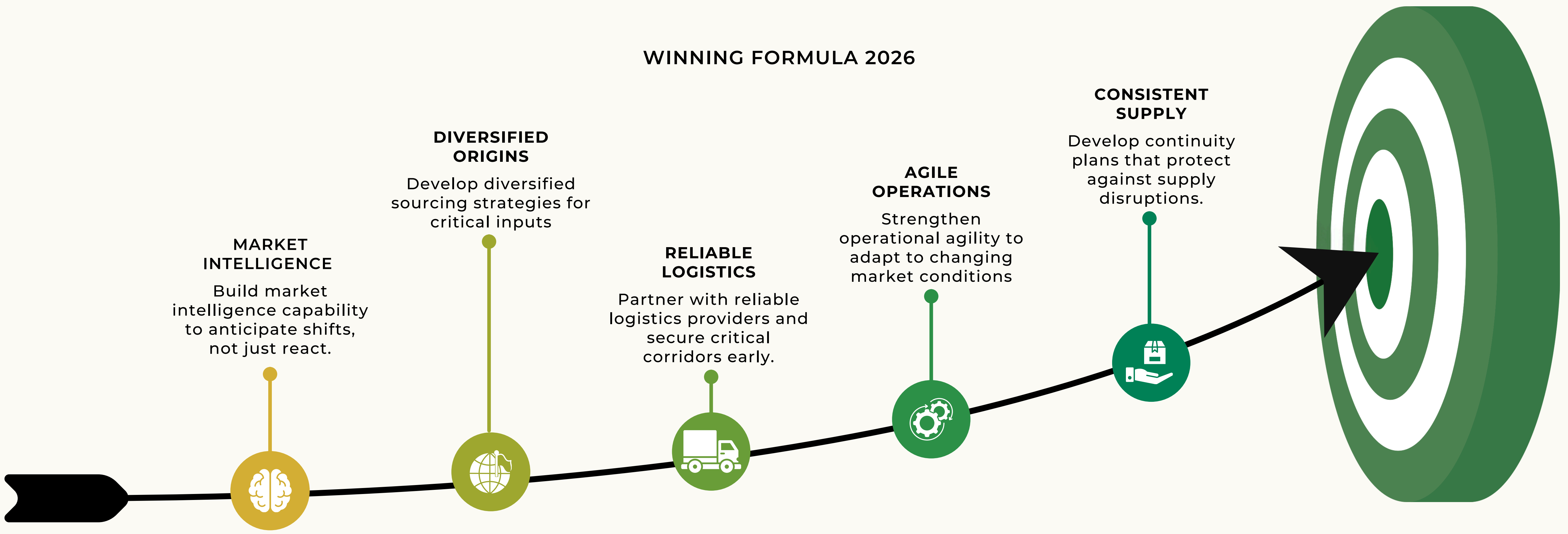
Operational agility is becoming a competitive advantage.

Buyers with diversified origins, flexible routing options, and stronger supply chain visibility are increasingly better positioned to manage landed costs, protect margins, and maintain supply continuity during market disruptions.

***Tip:** Focus on total delivered cost rather than origin price alone.*

THE OUTLOOK THE RISE OF OPERATIONAL COMMODITIES

WINNING FORMULA 2026



THE EVOLUTION OF VALUE

YESTERDAY	TODAY	TOMORROW
Buy Product	Manage Supply	Secure Supply
Lowest Price	Total Landed Cost	Lowest Risk-Adjusted Cost
Single Origin	Multiple Origins	Diversified Origins
Transaction	Execution	Continuity
Supplier	Service Provider	Strategic Partner
Reporting	Visibility	Intelligence

FALCONBRIDGE RESOURCES INSIGHTS

KEY SIGNAL

Global energy demand continues to support drilling activity, while increasingly complex extraction environments reinforce the strategic importance of critical drilling inputs.

DISTANCE DRIVES COST

Greater distance means higher freight costs, more handling, longer transit times, and increased operational risk.

STRATEGIC IMPERATIVE

In the next decade, success will belong to those who control not just what is traded but how, where, when, and at what risk.

INSIGHT

A few countries produce. The world depends. Operational capibility turns distance into opportunity,

FALCONBRIDGE

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