OIL REFINERIES LTD.

"The Company"

August 4, 2025

To:

Israel Securities Authority
Tel Aviv Stock Exchange Ltd.

www.magna.isa.gov.il
www.tase.co.il

Dear Sir/Madam,

Subject: Investment for the Acquisition of Rights in the Cantium Energy Corporation in the USA

The Company is honored to report that on July 31, 2025, it entered, through Energil LLC, a wholly owned dedicated American corporation ("Energil"), into binding agreements to invest in Cantium Management LLC and its controlled corporations ("Cantium" and the "Transaction," respectively). Cantium is a private American corporation operating in the field of oil production in the Gulf of America, USA. The transaction, which was completed on August 1, 2025, marks a significant milestone in the group's updated strategic plan to achieve further synergy in the oil value chain.

The Company's investment is made through an investment in a dedicated American partnership, Cantium Energy LP (the "Acquisition Partnership"), which was established for the purpose of acquiring full ownership (100%) of Cantium. The Acquisition Partnership is managed by Community SPV GP LP (the "General Partner").

The Company (through Energil) holds approximately 52% of the equity rights in the Acquisition Partnership, alongside additional rights granted by virtue of being a strategic investor. The Company invested a total of 100 million US dollars in the Acquisition Partnership.

Below are the main points of the transaction:

1. About Cantium

Cantium was established in 2016 and its main activity is the production and operation of oil and gas assets in shallow waters in the Gulf of America as detailed in Appendix A, located near the shores of the state of Louisiana (in the Bay Marchand and Main Pass fields), which include oil discoveries acquired from Chevron in 2017. Cantium owns, among other things, a broad and experienced team of geologists, extensive infrastructure including hundreds of active wells, connecting infrastructure (pipelines), production and processing platforms, and tank farms.

Cantium has significant experience throughout the oil production value chain. During its years of operation, Cantium has carried out significant development activities including drilling new wells, maintenance and enhancement work (workovers), as well as significant investments in upgrading infrastructure and production systems. At the same time, Cantium routinely performs abandonment and dismantling of its old wells and infrastructure, according to its long-term abandonment and dismantling plans. To the best of the Company's knowledge, Cantium's annual production as of December 31, 2024, stood at 6.2 million barrels of oil (6.7 million BOE) and its proven reserves (1P[102]) as of January 1, 2025, are estimated at approximately 43 million barrels of oil (about 49 million BOE[103]).

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2. Consideration and Financing of the Transaction

The transaction price was set at a business value of 275 million dollars for Cantium, reflecting a multiple of approximately 1.2 relative to Cantium's expected EBITDA for 2025 (220-230 million dollars).[204]

2.1. The Company's share in the transaction, totaling 100 million dollars, was financed from its own resources.

2.2. The total consideration paid by the Acquisition Partnership for full ownership (100%) of Cantium is 257 million dollars, through a combination of equity and debt, as follows:

- **2.2.1** Equity: totaling approximately 192 million US dollars, including the Company's investment of 100 million dollars, about 79 million dollars from the Community Fund investment ("CF")[205], and an investment by Cantium's management and employees totaling about 13 million dollars;
- **2.2.2** Debt: Bank debt at Cantium totaling about 65 million dollars[206].

3. Description of the Transaction

3.1. As stated above, the investment is within the framework of the Acquisition Partnership, which is a dedicated partnership.[207] The business management of the partnership will be carried out by the General Partner.

3.2. The investment structure includes unique rights for the Company, mainly:

- The right to appoint one director and one observer to Cantium's board of directors, which will initially have 5 members, and which will be maintained as long as the Company holds at least 20% of the rights in the Acquisition Partnership;
- Additional rights intended to ensure the Company's strategic involvement in the investment and protection of its economic interests;
- As well as customary rights in such investments, including the right of first refusal to join a sale.

3.3. As is customary in such transactions, the General Partner will be entitled to ongoing management fees as well as success fees, which will be paid after the limited partners (including the Company) have received back their full investment plus an annual return at a rate agreed upon by the parties.

3.4. As of the reporting date, this investment will be accounted for by the Company using the equity method.

For information about regulation and special risks related to the transaction, see Appendix B.

4. Below are Cantium's main financial data[208]:

According to information available to the Company, the following are balance sheet data (in millions of dollars):

Balance Sheet Data	As of December 31, 2023	As of December 31, 2024
Total Assets	611	679
Total Liabilities	419	438
Total Equity	192	241

According to information available to the Company, below is a summary of profit and loss data (in millions of dollars):

Profit and Loss Data	For the year ended December 31, 2023	For the year ended December 31, 2024
Total Revenues	500	473
Operating Profit	140	155
Net Profit	143	158

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Additional data (net – after deduction of royalties to authorities)

Additional Data	As of December 31, 2023	As of December 31, 2024
Annual Production Volume (barrels)	6.2 million	6.2 million
Annual Production Volume BOE ([309]	6.7 million	6.7 million
Effective Price per Barrel	$77	$75

5. Tax and Levy Charges

To the best of the Company's knowledge, no material tax or levy charges are expected as a result of the investment itself.

It should be noted that Cantium is a transparent entity for tax purposes, and therefore the financial data presented are before tax, and all the above data, both at the profit and loss level and at the production level, are after payment of royalties to US authorities at a weighted rate of about 15%.

6. Transaction Approval

It should be noted that Mr. Jeremy Blank, an interested party in the Company,[3010] is the controlling shareholder in the General Partner and Chief Investment Officer of CF. Also, Mr. Ariel Sternberg, a director in the Company, is a partner in a CF subsidiary and did not participate in the discussions for the approval of this transaction. Due to Mr. Sternberg's position, the transaction was also approved by the Company's audit committee prior to its approval by the Company's board of directors. The transaction was approved by the audit committee and the board of directors of the Company on July 31, 2025.

7. It should be noted that immediate reporting regarding the negotiations related to the transaction was delayed so as not to harm the success of the negotiations or materially worsen its terms. On July 31, 2025, with the signing of the binding agreements between the parties, the reporting restriction was lifted.

Forward-Looking Information Warning: The information presented in this report, regarding the expected EBITDA of Cantium for 2025, constitutes "forward-looking information" as defined in the Securities Law, 1968. The realization of this information is uncertain and may be affected by various factors, including fluctuations in oil and gas prices, regulatory changes, operational risks, weather events, and other risk factors related to oil and gas exploration and production activities.

Sincerely,

OIL REFINERIES LTD.

By Adv. Eli Mordoch

Company Secretary

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Appendix A – Details about the Oil Assets

The details presented in this report regarding the oil assets are mainly based on information provided to the Company by Cantium and are, to the best of the Company's knowledge, based on due diligence conducted, among other things, through external consultants.

1. General Details about the Oil Assets

This is an unofficial AI generated translation of the official Hebrew version and has no binding force. The only binding version is the official Hebrew version. For more information, please review the legal disclaimer.

Oil Asset Name:	Cantium
Location:	Gulf of America, federal and state waters off the coast of Louisiana, USA
Type of Oil Asset and Description of Permitted Activities According to Federal and State Offshore Oil and Gas Lease Licenses:	(offshore oil and gas leases) allowing exploration, development, and production of oil and natural gas
Grant and Expiry Dates of Lease Licenses:	The lease licenses were acquired/received at different times and will remain valid as long as commercial production continues (Held by production)
Operator Name:	Cantium
Names of Direct Partners in the Oil Asset and Their Shares:	In general, Cantium holds 100% rights (Working Interest)
The direct partner in the oil asset and, to the best of the Company's knowledge, the names of the controlling shareholders in the said partners:	In the lease licenses, except for one producing asset, and there are several assets with partners only in non-producing layers

2. Details about the Company's Share in the Oil Assets

Holding in the Acquired Oil Asset –	As detailed in the transaction description above
Acquisition Date:	
Description of the Nature and Method of the Company's Holding in the Oil Asset [including the holding chain]:	As detailed in the transaction description above
Actual share attributed to the equity rights holders of the Company in the oil asset:	As detailed in the transaction description above, the Company holds (indirectly) about 52% of the equity rights in Cantium. For production from the lease licenses, Cantium pays royalties to the authorities at a weighted rate of about 15%. The data in Cantium's financial statements are net of these royalties.
Total share of the equity rights holders of the corporation in the cumulative investment in the oil asset:	The Company holds only equity rights in the Acquisition Partnership and has no obligation to bear Cantium's expenses beyond the purchase cost.

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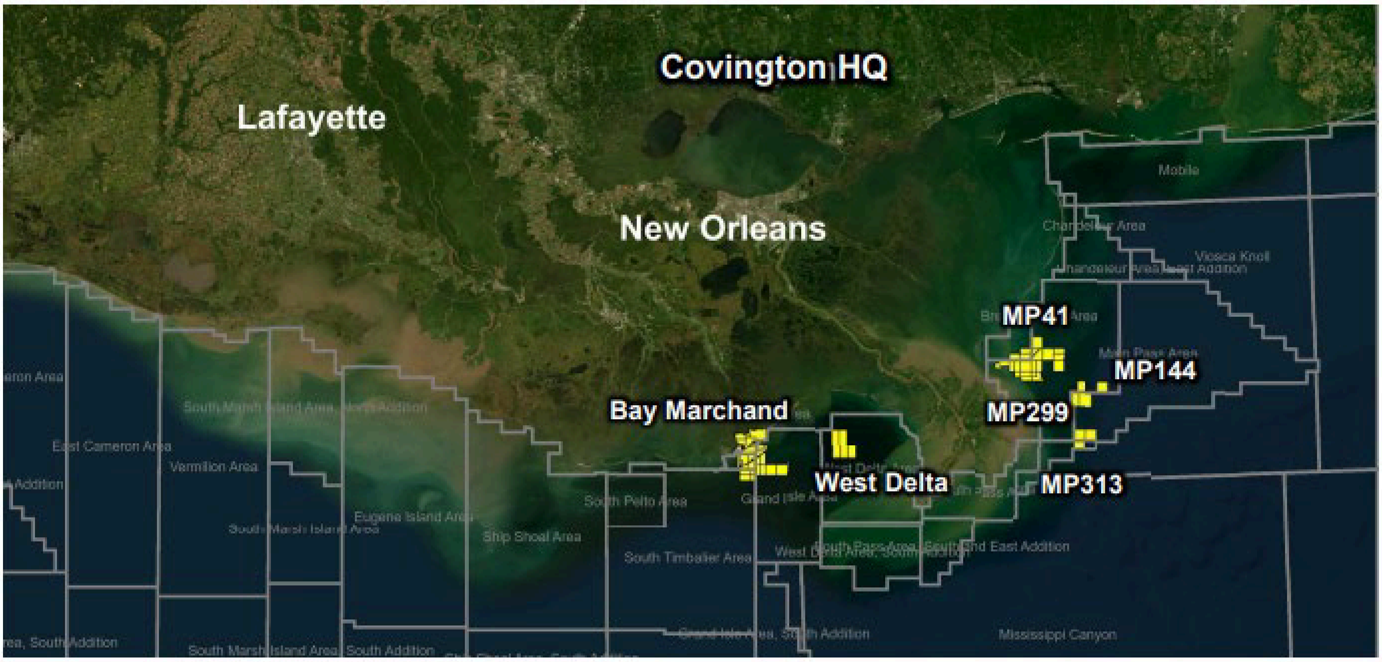
3. Map of Oil Assets



Alt: Map of oil assets

4. Work Plan

As reported to the Company, generally, according to the terms of the lease licenses, there is no mandatory work plan. The lease licenses will remain valid as long as there is commercial production from them (Held By Production). In the event of a production halt, there is a certain period to carry out rehabilitation work or new drilling before the license expires. Both in state and federal leases, there are defined schedules for resuming production, and the authorities tend to cooperate in cases of technical or logistical difficulties (such as difficulty in locating an available drilling rig).

In assets where a defined expiry date exists, the licenses will expire unless exploration or development activities are carried out.

Cantium continues ongoing production, including the development of identified opportunities. The annual production cost is generally funded from sales of the produced oil and gas.

5. Reserves, Contingent Resources, or Prospective Resources in the Oil Asset

A reserves report according to PRMS rules, regarding the reserves and resources in the oil asset, will be published in accordance with legal requirements.

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Appendix B – Regulation and Special Risks

1. Regulation and Supervision – The exploration, development, and production of oil and gas in the USA are subject to extensive regulation. For details, see the risk factor in section 2.2.10 below.

2. Special Risk Factors

The oil sector involves a real financial risk of losing a significant part of the investment, mainly for the reasons detailed below:

- **2.1. Macro Risks**
  - **Volatility in Oil Prices** – Oil prices have been characterized by sharp volatility in recent years. A decrease in oil prices may adversely affect Cantium's value and the feasibility of exploration and production from Cantium's oil assets.
- **2.2. Industry Risks**
  - **2.2.1. Lack of Insurance Coverage** – It should be clarified that not all possible risks are covered or can be fully covered by the various policies arranged by Cantium. Some are only partially covered, and some are not covered at all. Therefore, insurance proceeds, if received, may not necessarily cover the full extent of damages and/or all possible losses (including third-party damages, loss of well control, hurricanes, possible loss of income, and property damage of any kind). Thus, in the event of damage, the insurances arranged may not cover at all or may not be sufficient to cover all damages to Cantium and/or third parties. Also, there is no certainty that it will be possible to continue purchasing suitable policies in the future on reasonable commercial terms or at all. Furthermore, for certain insurances, Cantium may decide not to purchase them at all for various reasons such as lack of economic feasibility.
  - **2.2.2. Operational and Environmental Risks** – Oil exploration and production activities are exposed to a variety of risks, such as uncontrolled blowouts of fluids, oil, and gas from the drilling well, explosions, well collapse and ignition, malfunctions, accidents, and other events, each of which may cause destruction or damage to oil wells, production facilities, exploration equipment, body, and property. Another possible risk is the entrapment of tools in the drilling well, making further drilling impossible or involving high costs and/or significant delays. If such events occur at sea, the consequences can be very severe, and heavy damages may occur. There is also a risk of liability for damages resulting from environmental harm or pollution due to blowouts and/or oil spills and/or gas leaks. As stated above, there is no assurance that the coverage provided by the insurance policies obtained will be sufficient.
  - **2.2.3. Dependence on Contractors, Equipment, and Professional Services** – Cantium contracts with contractors for seismic surveys, development, and production work. There is no assurance that suitable contractors and/or equipment will be found to carry out the above activities at the scheduled times, and there is no certainty regarding their price. The above activities may involve high costs and/or significant delays in the schedule set for the work, or any part thereof. In addition, global commodity prices have a material impact on Cantium's expenses related to the development of its assets.
  - **2.2.4. Reliance on Partial and Estimated Data** – The estimates regarding reserves and resources data in Cantium's oil assets are based, among other things, on assumptions and hypotheses. The estimated amount of oil and gas is determined,

among other things, according to opinions of external experts in the evaluation of oil and gas reserves. Resource and reserve reports are based on many assumptions and data that affect their results, and changes in such assumptions and/or data may lead to significant changes in the estimates.

- **2.2.5. Only Estimated Costs and Schedules** – Estimated costs and schedules for exploration, development, and production activities are based only on estimates and may have significant deviations. Exploration and development plans may change significantly as a result of findings obtained during the execution of those activities and cause significant deviations in the schedules and estimated costs of those activities. Malfunctions during exploration and development activities, as well as other factors, such as increases in the prices of commodities used for the development of oil assets, may cause significant delays and increased expenses beyond the planned budget. Therefore, the actual expenses required to complete the exploration and development activities may be much higher than the costs planned for these activities.

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2.2.6. Dependence on Weather and Sea Conditions – Rough sea conditions, hurricanes, floods, and unsuitable weather may cause production stoppages, various damages to facilities and infrastructure, harm to marine transportation capabilities, and delays in the schedules for development activities. Global climate changes may exacerbate these risks, increase the frequency and intensity of extreme weather events, and lead to harsher sea conditions than expected. Repair/replacement of facilities and postponement of development activities may increase the expected costs.

2.2.7. Climate Change – Climate change affects oil discovery and development activities directly and indirectly. The intensification of extreme climate events and their increased frequency may, among other things, disrupt, delay, and increase the cost of activities in the assets, cause significant harm to employees in the oil assets, the assets themselves, and operational processes. In addition, extreme events and their increased frequency may affect demand in target markets. Following the Paris Agreement and global policy to reduce global warming, regulatory intervention may occur aimed at reducing greenhouse gas emissions and promoting the use of renewable energies, which may be reflected, among other things, in setting targets to reduce the use of fossil fuels, which is being implemented, among other things, by providing positive incentives to producers and consumers of renewable energy sources and setting negative incentives for producers and consumers of fossil energy. This intervention may, among other things, adversely affect the demand for oil produced by Cantium. Also, increased regulatory burden may be reflected in increased requirements for monitoring, management, and reporting of environmentally impactful activities, thereby leading to increased ongoing operational costs for Cantium. It should be noted that as of this immediate report, the USA under Trump has withdrawn from the Paris Agreement, and it is unclear whether such regulations will be promoted during his term; however, the described trends may lead to changes in market and consumer preferences, which may also be a factor in reduced demand for traditional oil and gas products.

2.2.8. Changes in Fiscal Policy – In the USA, several initiatives have been proposed in the past that may change the current tax regime applicable to companies in the oil industry, in a way that would increase the tax burden on companies operating in this field. The implementation of these initiatives, if adopted, in whole or in part, is expected to adversely affect corporations operating in this field in the USA, including Cantium.

2.2.9. Cyber and Information Security Risks – Cantium's oil asset activities rely on information systems. Among other things, computer systems connected to networks are used for the operation and control of drilling, production, transportation systems, etc. Malfunctions in information systems and information security failures, including hacking into systems relevant to Cantium's oil assets, may cause disruption and harm to information and the ongoing operation of systems supporting business activities, including disruption and loss of information, and incur costs for restoring information systems. It should be noted that the Company has no access to or control over Cantium's computing systems in its oil assets.

2.2.10 Regulatory Compliance – The exploration, development, and production of oil and gas in the USA are subject to extensive regulation, both at the federal and state levels. Various legislative provisions regulate oil and gas exploration, development, and production, and according to them, among other things, the granting of drilling and exploration permits, drilling location, drilling method, sealing and abandonment, disposal of materials used in drilling and well abandonment, the obligation to pay royalties to the state or federal government (if they own the land where production activities are conducted), transportation of oil and gas between states in the USA, matters relating to employee health and workplace safety, and matters related to environmental protection are regulated. In addition, the activity is subject to complex and changing American regulation, including licensing requirements, antitrust restrictions, taxation, environmental quality, supervision of foreign investments in the country, anti-corruption, and money laundering.

2.3. Special Risks for the Company

2.3.1. Dependence on the General Partner in the Acquisition Partnership – By its nature, an investment in the Acquisition Partnership in the format of a private investment fund gives the Company, as detailed above in this report, limited ability to influence decisions in the Acquisition Partnership and decisions in Cantium, including managerial, regulatory, financial, and operational decisions. Failure or inefficiency of Cantium or the Acquisition Partnership in managing Cantium may adversely affect asset performance without the Company having sufficient ability to intervene.

Alt: Relevant chart or image

FOOTNOTE:

[101] Jeremy Blank, an interested party in the Company, is the controlling shareholder in the General Partner. See section 6 below.

[102] Its proven + probable reserves (2P) as of January 1, 2025, are estimated at about 56 million barrels of oil (about 64 million BOE), net, Cantium's share.

[103] The annual production volume and proven reserves data are presented on a net basis, Cantium's share.

[204] EBITDA data are calculated based on net profit excluding financing, depreciation and depletion, abandonment expenses, unrealized hedging expenses, and non-cash expenses (such as share-based payment). EBITDA is a financial metric that is not based on generally accepted accounting principles and is a commonly used metric representing Cantium's operational performance.

[205] Jeremy Blank, an interested party in the Company, is the controlling shareholder in CF. See section 6 below.

[206] As of the transaction date, Cantium had net debt (i.e., after deducting cash and cash equivalents) of about 20 million dollars.

[207] According to the partnership agreement, a timeframe was set for the realization of the investment as well as the possibility of extending the period.

[208] US GAAP data audited by Cantium's auditor. The data are rounded. It should be noted that Cantium is a transparent entity for tax purposes, and therefore the data presented are before tax, but net of royalties to US authorities at a weighted rate of about 15%.

[309] Includes barrels and by-products such as NGL and natural gas.

[3010] For details regarding the quantity and percentage of holdings of interested parties in the Company, see the Company's immediate report regarding the holdings of interested parties and senior officers dated July 7, 2025 (reference number 2025-01-049566).