



*alt: RATIO ENERGIES - LIMITED PARTNERSHIP logo*

# RATIO ENERGIES - LIMITED PARTNERSHIP

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("the Partnership")

August 7, 2025

To:

Israel Securities Authority  
22 Kanfei Nesharim St.  
Jerusalem

TEL AVIV STOCK EXCHANGE LTD  
2 Ahuzat Bayit St.  
Tel Aviv

Dear Sir/Madam,

**Subject:**

**Engagement in Amendment to Natural Gas Export Agreement to Egypt**

Further to the provisions of Section 10.4.4(b) of Chapter A of the Partnership's 2024 periodic report, as published on March 20, 2025 (Reference No.: 2025-01-018546) (the "Periodic Report"), regarding negotiations for the sale of additional quantities of natural gas to Blue Ocean Energy (the "Purchaser"), the Partnership is pleased to update that on August 7, 2025, the rights holders in the Leviathan Project (the "Sellers") entered into an amendment to the export agreement to Egypt, which was signed between the Sellers and the Purchaser on September 26, 2019, and as amended from time to time (the "Export Agreement" and the "Amendment to the Export Agreement" or the "Amendment", respectively).

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Below is a summary of the main points of the Amendment to the Export Agreement:

- 1.** Under the Amendment, the total contractual quantity under the Export Agreement will be increased in two tranches, totaling 130 BCM (together: the "Additional Quantities") as detailed below:

- (a) An additional gas quantity of approximately 20 BCM from the effective date of the Amendment (the "First Tranche");
- (b) An additional gas quantity of approximately 110 BCM subject to the fulfillment of the conditions detailed in Section 3 below (the "Second Tranche"<sup>101</sup>).

**2.** The First Tranche – The daily gas quantity that the Sellers are obligated to supply to the Purchaser under the Export Agreement will be increased from 450 MMSCF per day (approximately 4.7 BCM per year) to 650 MMSCF (approximately 6.7 BCM per year), starting from the date on which ISRAEL NATURAL GAS LINES COMPANY LTD. ("INGL") completes the construction of the Ashdod-Ashkelon offshore segment and the Sellers complete the construction of the Third Pipeline Project.<sup>102</sup>

**3.** The Second Tranche – The Sellers' obligation to supply the Second Tranche is subject to the fulfillment of the following conditions:

- (a) The Sellers' final investment decision (FID) regarding the first phase of the expansion project as part of the updated development plan for the Leviathan reservoir (the "Expansion Project") <sup>103</sup>;
- (b) The Sellers (or their representatives) entering into a transmission agreement with INGL for the Nitzana line (together: the "Conditions for the Second Tranche") for the purpose of supplying the gas to the Purchaser at the delivery point at the Israel-Egypt border.

If the Conditions for the Second Tranche are not fulfilled by September 30, 2025, with the possibility of an extension for up to an additional 6 months at the Sellers' discretion, then the provisions in the Amendment to the Export Agreement regarding the Second Tranche will not take effect.

Subject to the fulfillment of the Conditions for the Second Tranche, the daily gas quantity that the Sellers are obligated to supply to the Purchaser will be increased to 1,150-1,250 MMSCF (approximately 11.9-12.9 BCM per year). It should be noted that this quantity was determined taking into account, among other things, the expected demand and supply of natural gas in the Israeli domestic market, in order to ensure supply for the needs of the local market.

The Amendment to the Export Agreement sets out a mechanism for the timing of the commencement of supply of the aforementioned increased daily quantity (the "Increase Date"), which is mainly based on the Sellers' assessment regarding the progress of the projects required to increase the daily supply quantity, primarily the completion of the first phase of the Expansion Project<sup>204</sup> and the completion of the Nitzana Line project<sup>205</sup>. According to the Sellers' assessment, as of the date of the report, the completion of these projects is expected to occur during 2029.

**4.** According to the Amendment to the Export Agreement, upon completion of the Ashdod-Ashkelon offshore segment and the Third Pipeline Project, the supply period will be extended until the earlier of 10 years from that date or until the Purchaser consumes the total contractual quantity (i.e., including the First Tranche). In addition, on the Increase Date, the supply period will be extended until December 31, 2040, or until the Purchaser consumes the total contractual quantity (i.e., including the Second Tranche), whichever is earlier. If at the end of the supply period the Purchaser has not consumed the total contractual quantity, the supply period will be automatically extended until the Purchaser consumes the total contractual quantity, provided that the extension period does not exceed an additional two years.

**5.** The Amendment to the Export Agreement includes, among other things, the following additional changes:

- (a) The Purchaser undertook to purchase or pay (Take or Pay-TOP) for the Additional Quantities, in accordance with the mechanisms set out in the Amendment to the Export Agreement;
- (b) The Purchaser's right to reduce the TOP quantity in a year in which the average Brent price (as defined in the agreement) falls below US\$50 per barrel has been cancelled (for details, see Section 10.4.4(b)(1)(b) of Chapter A of the Periodic Report);
- (c) Provisions were set regarding the price of gas to be supplied to the Purchaser under the Export Agreement, as well as a price mechanism for the gas quantities to be supplied under the Second Tranche, according to a formula based on the price of a Brent oil barrel, including a "floor price". According to the Partnership's assessment, the total cumulative revenues from the sale of the Additional Quantities to the Purchaser under the Amendment to the Export Agreement (100%) are expected to amount to approximately US\$35 billion. This estimate is based, among other things, on the assumption that the Purchaser will consume all the Additional Quantities, as well as the Partnership's estimates regarding the price of natural gas and Brent during the supply period. It should be clarified that, in practice, revenues will be derived from a variety of additional factors not under the Partnership's control;
- (d) The existing price update mechanism (as defined in Section 10.4.4(b)(1)(c) of Chapter A of the Periodic Report) will apply to quantities remaining to be supplied under the original total contractual quantity of the Export Agreement, as well as to quantities to be supplied under the First Tranche. For quantities to be supplied under the Second Tranche, a similar price update mechanism will apply at a rate of up to 10% (increase or decrease) after the fifth year from the Increase Date (according to the Sellers' assessment, in 2035) and after the tenth year from the Increase Date (according to the Sellers' assessment, in 2040). If the parties do not reach an agreement regarding the price update, as detailed above, each party will have the right to reduce the remaining daily gas quantity to be supplied under the Amendment to the Agreement, as detailed in Section 3 above, by up to 30% at the first update date and up to 30% at the second update date;
- (e) The Purchaser's right to terminate the Export Agreement in the event of termination of the export agreement between the Purchaser and the rights holders in the Tamar Project has been cancelled (for details, see Section 10.4.4(b)(1)(e) of Chapter A of the Periodic Report).

**6.** The entry into force of the Amendment to the Export Agreement is subject to the fulfillment of conditions precedent, including, among other things, obtaining the required approvals from the competent organs of the parties, obtaining the required regulatory approvals for the supply of the Additional Quantities to the Purchaser, including export approval and a tax ruling in favor of the Sellers from the tax authorities (if required), the Sellers entering into arrangements with transmission service providers regarding the transmission of the Additional Quantities to the Purchaser, and the Purchaser entering into an arrangement for the transmission of the Additional Quantities through the EMG pipeline. If the conditions precedent are not fulfilled by September 30, 2025, the Sellers may extend the aforementioned final date by an additional 30 days. If the conditions precedent are not fulfilled by the end of the said period, each party will be entitled to cancel the Amendment to the Export Agreement with 7 days' prior notice.

Following the signing of the Amendment to the Export Agreement, the Sellers intend to promote the process of obtaining an export permit for the Additional Quantities and to work towards obtaining FID during the fourth quarter of 2025. It should be noted that the Sellers have approached the Petroleum Commissioner at the Ministry of Energy and Infrastructure (the "Petroleum Commissioner") to request an export permit in accordance with the terms of the Amendment to the Export Agreement. As of the date of the report, the aforementioned approval has not yet been received.

**Forward-Looking Information Warning:**

The information presented in this report regarding the Amendment to the Export Agreement, which refers, among other things, to the increase in the total contractual quantity, the increase in the daily gas quantity, the estimated scope of revenues to be derived from the sale of the Additional Quantities, the completion of the Ashdod-Ashkelon offshore segment, the completion of the Third Pipeline Project, the completion of the Expansion Project, the completion of the Nitzana Line Project, the Sellers' receipt of FID regarding the Expansion Project, the Sellers' (or their representatives') entry into a transmission agreement with INGL for the Nitzana line, obtaining the required regulatory approvals including export approval and the Purchaser's entry into an arrangement for the transmission of the Additional Quantities through the EMG pipeline, and the possibility of all conditions for the entry into force and execution of the Amendment to the Export Agreement being fulfilled on time (together: the "Transaction Conditions"), constitute forward-looking information as defined in Section 32A of the Securities Law, 1968. It is emphasized that, as of the date of the report, the fulfillment of the Transaction Conditions is not certain, and therefore there is no assurance that the total contractual quantity and the daily gas quantity will actually be increased in accordance with the Amendment to the Export Agreement, as detailed in this report, and even if the Transaction Conditions are fulfilled, there is no certainty regarding the timing thereof and the date on which the production quantities will be increased (if at all). The fulfillment of the Transaction Conditions, the possibility of increasing the total gas quantity and the daily quantity, as well as their timing, depend on and are subject to many factors not solely (or at all) under the Partnership's control, including the results of multidisciplinary feasibility studies, including the preparation of updated geological and economic models with the assistance of the Partnership's professional advisors, among other things, in order to examine how the significant capital investments required from the rights holders in the Leviathan Project in the coming years, to enable a significant increase in daily production in the longer term, may affect the Partnership's net profit over different time periods as well as the value of the Leviathan reservoir, in addition to the approvals and actions required from third parties, including, among others, the state and INGL. As of the date of the report, the aforementioned studies and all other Transaction Conditions have not been completed, and it is not possible to assess the likelihood of the completion of all or part of the Transaction Conditions. Moreover, the occurrence of one or more of the risk factors detailed in the "Risk Factors" section in Section 28 of Chapter A of the Periodic Report may have a material impact on the chances of completing the transaction.

The rights holders in the Leviathan Project and their respective holdings are as follows:



Partnership	
NewMed Energy - Limited Partnership	45.34%
Chevron Mediterranean Limited	39.66%
The Partnership	15.00%

Sincerely,

**Ratio Energies General Partner Ltd.,**

the General Partner in RATIO ENERGIES - LIMITED PARTNERSHIP

By Ligad Rotlevy, Chairman

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**FOOTNOTE:**

<sup>101</sup> As of December 31, 2024, the rights holders in the Leviathan Project supplied the Purchaser with approximately 23.5 BCM, out of a maximum contractual quantity under the Export Agreement of approximately 60 BCM. For details, see Section 10.4.1 of Chapter A of the Periodic Report.

<sup>102</sup> For further details regarding the Third Pipeline Project, see Section 8.1.6(3)(c) of Chapter A of the Periodic Report. Also, regarding the construction of the Ashdod-Ashkelon offshore segment, see Section 11.2.2(1) of Chapter A of the Periodic Report and Section 4(a) of the Board of Directors' report included in the Q1 2025 report, as published on May 29, 2025 (Reference No.: 2025-01-038687).

<sup>103</sup> For further details, see Section 8.1.6 of Chapter A of the Periodic Report.

<sup>204</sup> For details regarding the first phase of the Expansion Project, see Section 8.1.6(3)(d) of Chapter A of the Periodic Report.

<sup>205</sup> For further details regarding the Nitzana Line, see Section 11.2.2(5) of Chapter A of the Periodic Report.

<sup>306</sup> For details regarding the preliminary approach by the rights holders in the Leviathan Project to the Petroleum Commissioner regarding the increase in the export volume of natural gas produced from the Leviathan reservoir and the Commissioner's response dated June 25, 2024, see Section 24.7.5 of the Periodic Report.