



Ratio Energies - Limited Partnership

("the Partnership")

September 16, 2025

To:

Israel Securities Authority
Via MAGNA

Tel Aviv Stock Exchange Ltd
Via MAYA

Dear Sir/Madam,

Subject: Engagement with Israel Natural Gas Lines Company Ltd. in an Agreement for the Transmission of Natural Gas to Egypt

Further to the provisions of Sections 11.2.2(5) and 24.5.7 of Chapter A of the Partnership's 2024 periodic report published on March 20, 2025 (reference number: 2025-01-018546) (hereinafter: "the periodic report"), Section 4(b) of the update to Chapter A and Note 7(c) included in the first quarter report published by the Partnership on May 29, 2025 (reference number: 2025-01-038687), and Section 5(a) of the update to Chapter A and Note 7(d) included in the second quarter report published by the Partnership on August 20, 2025 (reference number: 2025-01-061867), regarding the onshore connection project between the Israeli transmission system and the Egyptian transmission system in the Nitzana area, which includes the construction of a pipeline and a compressor station in the Ramat Hovav area (hereinafter: "the Nitzana Project" or "the Project"), the Partnership is honored to update that on September 16, 2025, Chevron Mediterranean Limited, the operator of the Leviathan Project (hereinafter: "Chevron"), entered into an agreement with Israel Natural Gas Lines Company Ltd. (hereinafter: "INGL") for the provision of transmission services, for the purpose

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of transmitting natural gas from the Leviathan reservoir to Egypt via the Nitzana Project (hereinafter: "the Transmission Agreement").

According to the notice of the Natural Gas Authority dated August 24, 2025, the allocation rate for the Leviathan partners in the Nitzana Project will be 33.33%, or a higher rate if other exporters (i.e., the rights holders in the Tamar and Karish-Tanin reservoirs) do not exercise their right to receive an allocation in the Nitzana Project (hereinafter: "the Leviathan allocation rate"), until October 24, 2025 (hereinafter: "the allocation determination date").

According to Decision No. 3/2023 of the Natural Gas Sector Council regarding the financing and allocation of space in the export pipelines, as described in Section 24.5.7(5) and 11.2.2(5) of Chapter A of the periodic report (hereinafter: "Decision 3/2023"), the capacity of the Nitzana Project is estimated by the Natural Gas Authority at about 6 BCM per year. According to this decision, 70% of the capacity allocated to each exporter will be in firm transmission and the remainder will be in interruptible transmission. Assuming an allocation to the Leviathan partners at a rate of 33.33%, the daily firm transmission capacity guaranteed to the Leviathan partners under the Transmission Agreement will be about 140,000 MMBTU (hereinafter: "**the Basic Capacity**").

Below is a brief description of the main points of the Transmission Agreement and the related agreements signed in connection therewith between the Leviathan partners:

1. The Transmission Agreement regulates INGL's commitment to establish the Nitzana Project and to provide natural gas transmission services from the Leviathan reservoir, in accordance with Decision 3/2023 and Decision No. 2/2014 of the Natural Gas Sector Council regarding the financing of export projects through the Israeli transmission system (as detailed in Section ...



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2. The transmission of gas under the Transmission Agreement will commence no later than 36 months from the date of fulfillment of the conditions precedent, as detailed in Section 8 below (hereinafter: "the Commencement Date").

3. For the transmission services in relation to the Basic Capacity, Chevron will pay a transmission tariff composed of a Capacity Fee and a Throughput Fee, according to the prevailing transmission tariffs in Israel, as updated from time to time. INGL also undertook to provide interruptible transmission services for additional quantities of gas beyond the Basic Capacity, subject to the capacity available in the transmission system, in a minimum scope of not less than 1.8 BCM per year (for all exporters who enter into the Transmission Agreement). For the transmission of such additional quantities, Chevron will pay a transmission tariff for interruptible services in relation to the quantities actually transmitted, as determined by the

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Natural Gas Authority. Chevron will also bear its proportional share (according to the Leviathan allocation rate) of the operating costs of the Nitzana Project facilities, including fixed costs of the project facilities, including the compressor station, and variable costs for electricity consumption for operating the compressor station, according to the actual usage rate.

4. The Transmission Agreement will terminate at the earlier of: (a) the date the agreement is canceled according to its terms; (b) 15 years from the Commencement Date; or (c) upon the expiration of INGL's transmission license. Chevron will also be entitled to extend the agreement period by up to 5 additional years by prior notice, or to terminate the agreement by prior notice, after the earlier of: (a) 8 years from the Commencement Date; or (b) the date on which the total quantity transmitted reaches about 11.4 BCM.

5. The agreement also stipulates that in the event of a cessation of the majority of natural gas exports from Israel to Egypt (at least 90%, excluding secondary trade and exports via the EMG pipeline) not due to a breach of the relevant export agreement by Chevron, Chevron will be entitled, once during the term of the Transmission Agreement, to cancel it by prior notice. If, after the cancellation and until the end of 15 years from the Commencement Date, exports to Egypt are renewed, the Transmission Agreement will be renewed according to the capacity available in the transmission system at that time.

6. According to the principles set out in Decision 3/2023, Chevron's share (for the Leviathan partners' share in the Nitzana Project) in the total financing of the establishment of the Nitzana Project will be according to the Leviathan allocation rate. The Transmission Agreement sets an estimated budget for the establishment of the Nitzana Project at a total of about \$610 million²⁰¹ (the Partnership's share, assuming a Leviathan allocation rate of 33.33%, is about \$30 million). The Transmission Agreement also stipulates that INGL may update the estimated budget by up to about 12% additional during the project, according to the actual project costs. Payment will be made according to milestones set in the agreement, with 40% of the amount to be paid shortly after the fulfillment of the conditions precedent as detailed in Section 8 below, and the remainder to be paid according to the progress of the Nitzana Project. Chevron and/or the Leviathan partners (according to their proportional share in the Leviathan Project) are also required to provide guarantees to INGL to secure Chevron's obligations for financing the Nitzana Project and for payments for transmission under the agreement.

24.5.7 of Chapter A of the periodic report).



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4. It should be noted that on September 1, 2025, Chevron notified the Natural Gas Authority and INGL, on behalf of the Leviathan partners, that if other exporters do not exercise their right to receive an allocation and sign a transmission agreement by the allocation determination date, Chevron will be willing to bear the full costs of establishing the Nitzana Project in exchange for the allocation of the full capacity (100%) of the Nitzana Project to the Leviathan partners, and that according to this commitment, if the other exporters do not exercise their right to receive an allocation in the Nitzana Project by the allocation determination date, the share of the Leviathan partners in the capacity allocation and in the financing of the Nitzana Project may increase up to 100%.

7. In the period until the Commencement Date, Chevron will be entitled to divert the Basic Capacity or part thereof to the Jordan North line, subject to the conditions set in the Transmission Agreement. Also, after the Commencement Date, and throughout the term of the agreement, if gas transmission in the Nitzana Project is not possible for any reason, Chevron will be entitled to divert the Basic Capacity or part thereof to the Jordan North line, subject to the conditions set in the Transmission Agreement.

8. The validity of the Transmission Agreement is subject to the fulfillment of the following two conditions precedent by the allocation determination date:

- (1) Approval of the Transmission Agreement by the Natural Gas Authority (it should be noted that this condition was fulfilled on August 31, 2025);
- (2) Signing of gas transmission agreements with the other exporters covering the full costs of establishing the Nitzana Project.
 - Regarding this second condition, the agreement stipulates that it will be deemed fulfilled even if, before the allocation determination date, one or more of the three exporters sign a transmission agreement and undertake to bear the entire construction budget. In this case, the proportional share of the committing exporters will be determined by equal division of the total capacity, and the milestone payments and provision of guarantees will apply to them according to their share.
 - To the best of the Partnership's knowledge, as of the date of the report, transmission agreements have not yet been signed with other exporters in connection with the Nitzana Project.

9. Simultaneously with the signing of the Transmission Agreement, Chevron and the other Leviathan partners signed a Services Agreement (hereinafter: "the Services Agreement") under which the Leviathan partners will be entitled to transmit natural gas (via Chevron) under the Transmission Agreement and will also be responsible for fulfilling Chevron's obligations under the Transmission Agreement on a back-to-back basis, as if the Leviathan partners were a party to the Transmission Agreement instead of Chevron, each according to its proportional share in the Leviathan Project. To regulate the partners' activities under the Transmission Agreement, the Services Agreement sets out the approval procedures and authorizations required from the partners for various actions. The Services Agreement also stipulates that each partner will bear its proportional share of the costs related to the Transmission Agreement, including the connection fee (the construction cost of the Nitzana Project), the transmission fees, and the operating costs of the Nitzana Project. The Services Agreement also stipulates that each partner is required to provide bank guarantees to INGL in the amount of its proportional share of the guarantees required under the Transmission Agreement.

10. In addition to the Services Agreement, Chevron and the other Leviathan partners signed another Services Agreement (hereinafter: "the EPC Services Agreement"). This agreement was signed because Chevron is expected to enter into an Engineering, Procurement, and Construction (EPC) agreement with INGL for the construction of the compressor station in the Nitzana Project for a fixed amount (Lump Sum) of about \$285 million, which is included in the estimated budget of the Nitzana Project as mentioned in Section 6 above, and reflects the cost estimated for the compressor station in December 2024 (hereinafter: "the Consideration").



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the fixed amount"). Under the EPC Services Agreement,

the Leviathan partners, each according to its proportional share in the Leviathan Project, undertook to bear their share of the Leviathan partners' costs for any excess costs, if any, in the event that Chevron's actual execution costs for the compressor station exceed the fixed

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amount. In this context, it should be noted that the Leviathan partners' share will be 100% of the total excess costs if only the Leviathan partners sign the Transmission Agreement by the allocation determination date. It should be noted that the total excess costs, according to Chevron's estimate as of this date, amount to about \$65 million.

Warning Regarding Forward-Looking Information -

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The information presented above regarding the Nitzana Project, including information regarding the allocation rate of capacity to the Leviathan partners, the scope of daily capacity, the project's construction costs, and the Partnership's share of the costs, constitutes forward-looking information as defined in the Securities Law, 1968, which is not certain to materialize, in whole or in part, and which may materialize in a manner materially different from that stated above, due to various factors, including changes in the project's plans, regulatory changes or requirements, geopolitical changes or changes in the security situation in the area, operational or technical difficulties, or the realization of any of the risk factors involved in the Partnership's activities as detailed in the periodic report.

Ownership of Rights in the Leviathan Project and Their Holdings Are as Follows:

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

Sincerely,

Ratio Energies General Partner Ltd.

The General Partner in Ratio Energies - Limited Partnership

By Ligad Rotlevy, Chairman

FOOTNOTE:

²⁰¹ [²⁰¹] Calculated according to the representative exchange rates as of September 16, 2025.