

NewMed Energy – Limited Partnership
(the “Partnership”)

19 September 2024

Israel Securities Authority
Via Magna

Tel Aviv Stock Exchange Ltd.
Via Maya

Dear Sir/Madam,

**Re: The signing of agreements re participation in the financing of upgrade of the
gas transmission system to Egypt and gas transportation**

Further to the Partnership's 2023 periodic report, as published on 19 March 2024 (Ref.: 2024-01-027798) (the "**Periodic Report**") and the Partnership's Q1/2024 report, as published on 26 May 2024 (Ref.: 2024-01-051442), regarding the export of natural gas and the possibility for construction of a compression station enabling an increase in the capacity of natural gas transmission to Egypt¹, the Partnership respectfully informs as follows:

1. On 19 September 2024, Chevron Mediterranean Limited, the operator of the Leviathan and Tamar projects ("**Chevron**"), announced that it signed an agreement, whereby Chevron undertook to participate in the financing of construction of a compression station in the transmission system outside of Israel for the transmission company there (the "**Participation in Financing Agreement**", the "**Transmission System**", the "**Project**" and the "**Transmission Company**", as applicable), the highlights of which are as follows:

a. The amount of participation in the financing of the Project shall be limited to a sum of approx. \$331 million (100% Leviathan and Tamar). It was further agreed that a technical engineering survey of the existing infrastructures would first be carried out, and if, according to its findings, Chevron would be required to make additional investments, or the Project would be significantly delayed, Chevron would have the right to terminate the Participation in Financing Agreement under the conditions stipulated, and each of Tamar and Leviathan projects shall have the right to withdraw from the Agreement.

The Transmission Company shall be responsible for the construction and operation of the Project. In addition, Chevron shall pay the Transmission Company, an annual sum for operating and maintaining the compression station, and for licensing fees.

¹ For details about the current and potential annual capacity of the Transmission System for export and of the Leviathan reservoir, assuming an upgrade to the Transmission System for export, see the Periodic Report.

- b. Chevron shall be entitled to receive annual reimbursement payments from the Transmission Company for the participation in the financing, and additional reimbursements for part of the operating and maintenance fees of the compression station, depending on the quantities of gas that shall flow through the Transmission System, including by third parties, over and above a specific amount and according to a mechanism and for a period determined in the Participation in Financing Agreement.
- c. The Participation in Financing Agreement entry into effect is subject to conditions precedent, including the receipt of regulatory approvals, the entry into effect of the Additional Transmission Agreement defined in Section 3 below, between an company of the Chevron Group and the Transmission Company, and the signing of an agreement between the Transmission Company and the main contractor of the Project. To the extent that the above conditions precedent are not met within 60 days of the signing of the agreement (unless one or both parties waived them in accordance with the provisions of the agreement), each of the parties shall have the right to terminate the Participation in Financing Agreement.
- d. The parties shall have the right to terminate the Participation in Financing Agreement in case of material breaches, under the terms and dates specified in the Participation in Financing Agreement (termination for most breaches on the part of the Transmission Company shall entitle Chevron to compensation in an immaterial amount).

2. Concurrently with Chevron's engagement in the Participation in Financing Agreement, the interest holders in the Leviathan project (the "**Leviathan Partners**") and the interest holders in the Tamar project (the "**Tamar Partners**") engaged in an agreement with Chevron, on a 'back-to-back' basis to the Participation in Financing Agreement, whereby the Leviathan Partners and the Tamar Partners shall bear, in equal shares, the amount of the participation in the financing together with the Project's management costs by Chevron, in a total amount not to exceed approx. \$343 million (100% of the Project, the Partnership's share is up to approx. \$78 million).² Chevron will exercise the rights, powers, and discretion granted to it in the Funding Participation Agreement in accordance with the decision-making mechanisms established in the said agreement. The Leviathan Partners and the Tamar Partners shall be entitled to receive the reimbursements mentioned above in equal shares, irrespective of the share of each of them in the gas flow in the Transmission System. In the event that an interest holder in one of the reservoirs fails to pay the payment applicable thereto by virtue of the Participation in Financing

² Out of the said amount, the Leviathan Partners approved, in 2023, budgets to guarantee the pre-purchase of Long Lead Items in order to preserve delivery dates, in a total amount of up to approx. \$37.5 million (100% Project, the Partnership's share approx. \$17 million).

Agreement, the other interest holders in such reservoir shall be required to bear the breaching party's share, and the breaching party shall be liable for interest to the other interest holders who paid, and for compensation agreed upon in such agreement. For details regarding the allocation of the additional capacity in the transmission system which the Project is expected to enable (the "**Additional Capacity**") see section 3 below.

The Partnership intends to finance its share of the financing costs out its own sources and its cash flows.

3. Concurrently with the signing of the Participation in Financing Agreement, an affiliate of Chevron (the "**Affiliate**") and the Transmission Company signed an agreement for the supply of transportation services for the Additional Capacity (the "**Additional Transportation Agreement**"). Payment of the transportation fees under the Additional Transportation Agreement shall be made based on the actual quantity of gas that will flow through the Transmission System. The entry into effect of the Additional Transportation Agreement is conditional on the fulfillment of conditions precedent, including the receipt of regulatory approvals and confirmation that the necessary arrangements have been made to obtain access to the Transportation System in Egypt, and that the Affiliated confirmed that a transportation agreement is in place between the Affiliate and INGL (hereinafter: "**Transportation Agreement with INGL**") (as of the date of the report, such condition has not yet been fulfilled), where the Affiliate may waive any one of the conditions in accordance with the provisions of the agreement. If the aforementioned conditions precedent are not fulfilled within 270 days from the date of signing the Agreement (and the Affiliated has not waived them), each party will have the right to cancel the Additional transportation Agreement. The Additional Transportation Agreement shall be in effect until 25 January 2034, unless it comes to an end earlier in accordance with the provisions set forth therein.
4. Concurrently with the signing of the Additional Transportation Agreement, an amendment to the existing service agreement ("**Amendment to the Service Agreement**") was signed between the Affiliate, Chevron and the other Leviathan Partners and Tamar Partners, which applies the terms and conditions of the existing service agreement on the Additional Transportation Agreement. In its framework, it was determined, *inter alia*, that the Affiliate's engagement in the Additional Transportation Agreement is made for and for the benefit of the Leviathan Partners and the Tamar Partners on a 'back-to-back' basis, as if they were a party to the said agreement. It was further determined, among other things, that the Additional Capacity shall be allocated in equal shares between the Leviathan Partners and the Tamar Partners. Chevron will exercise the rights, powers, and discretion granted to it in the Additional Transportation Agreement in accordance with the decision-making mechanisms established in the Amendment to the Services Agreement.

As of the date of the report, the estimated forecast for completion of the Project is in H2/2026.

Caution concerning forward-looking information: The Partnership's assessments regarding the estimated forecast for completion of the Project, as well as in connection with the manner of financing of the Partnership's share in the Project constitutes forward-looking information within the meaning thereof in the Securities Law, 5728-1968 based, *inter alia*, on the estimates of the Partnership and its work plans as of the date hereof, and on the estimates of the Leviathan project operator and its plans as of the date hereof, including with respect to the taking effect of the Participation in Financing Agreement, the Additional Transportation Agreement and the signing of a binding transportation agreement with INGL, as well as with respect to the duration and costs of the Project. There is no certainty that these estimates will materialize, in whole or in part, and they may materialize on different dates and/or in a materially different manner, due to various factors that are beyond the control of the Partnership and/or the Leviathan Partners, *inter alia*, as a result of operational and technical conditions and/or regulatory changes and/or the actual performance of the Leviathan Project and/or as a result and/or prolongation of the "Iron Swords" war and/or the expansion of its scope, geopolitical changes, failure to receive regulatory approvals, failure to sign at all or on different dates than the evaluated dates, agreements necessary for the transmission of the gas and/or the aforesaid agreements not taking effect, changes in the availability of service providers, changes in Chevron plans, changes in the availability of equipment and/or services and in the costs of the raw materials, different allocation in the transmission systems for export, and from a gamut of various factors related to projects of the aforesaid types, or other factors that cannot be foreseen at such time and over which the Partnership has no control; including the existence of any of the risk factors listed in Section 7.29 of Chapter A to the Periodic Report.

The partners in the Leviathan reservoir, and their holding rates are as follows:

The Partnership	45.34%
Chevron	39.66%
Ratio Energies – Limited Partnership	15.00%

Sincerely,

**NewMed Energy Management Ltd.
The General Partner of NewMed Energy – Limited Partnership**

By: Yossi Abu, CEO
and Saar Prag, VP Natural Gas Trade