

**Navitas Petroleum, Limited Partnership**  
**(Hereinafter: “the Partnership”)**

June 6, 2023

To:	To
The Israel Securities Authority (ISA)	The Tel Aviv Stock Exchange Ltd.
<u>Via MAGNA</u>	<u>Via MAGNA</u>

To whom it may concern,

Re: **Completion of a Transaction for the Acquisition of Rights in the Monument Discovery**

Further to the Partnership's report dated May 11, 2023 (Ref. No.: 2023-01-043222) (hereinafter ; “the **Previous Report**”), regarding the Partnership's engagement in the non-binding memorandum of understanding for the provision of production and handling services for oil and natural gas to be produced from the Monument discovery, which is a proven discovery located 27 km south of the Shenandoah Project (hereinafter: “the **Oil Asset**” or “**Monument**”), through Shenandoah's FPS. As well as regarding its entering into an agreement for the purchase of rights in Monument, the Partnership hereby announces that on June 5, 2023, the purchase transaction was completed.

Now the purchase transaction has been completed,<sup>1</sup> Navitas Monument US, LLC (hereinafter: “Navitas”) holds 20% of the rights to the Oil Asset. In addition, Navitas joined the joint operating agreement (hereinafter: “**JOA**”) for the Oil Asset, the main details of which are outlined in the appendix to this report.

The Partnership and the Monument partners are continuing to negotiate binding agreements for the provision of production and handling services.<sup>2</sup> It should be noted that it is uncertain whether the Partnership and Monument partners will reach agreements regarding the terms and conditions of the binding agreements for the provision of the production and handling Services and that the aforementioned agreements will indeed be signed. In addition, there is no certainty that a reassignment event as outlined in the previous report, will not occur.

Terms not defined in this report will have the meaning given to them in the previous report.

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<sup>1</sup> A subsidiary incorporated in the USA, wholly-owned (indirectly) by the Partnership.

<sup>2</sup> As detailed in the previous report, insofar as by July 15, 2023 (or by a later date as detailed in the Previous Report) no binding agreements are signed for the provision of the production and handling services, the Purchased Rights to the Oil Asset will be reassigned.

The partners to the Oil Asset and their holdings are as follows:

Navitas Monument US LLC	20%
Beacon Offshore Energy Exploration LLC	30%
Progress Resources USA Ltd.	30%
Repsol E&P USA LLC	20%

Sincerely,

**FLR Oil and Gas Management Ltd.**

**General Partner in Navitas Petroleum, Limited Partnership**

Amit Kornhauser, CEO and Member of the Board

Tamar Rosenberg, CFO

## Appendix A

### Material Agreements in the Oil Asset

#### Joint operating agreement in the Monument leases

The operations under the Monument leases are regulated under a joint operating agreement, as amended from time to time, (below in this section: “the **Agreement**” or “the **JOA**”).

The purpose of the OA is to establish the joint interests and obligations of the partners with regard to the operations in the leases (hereinafter in this section: “the **Agreement Area**”).

#### Breakdown of the main provisions of the Agreement

##### 1. Designated operator, its rights and obligations

BOE Exploration & Production,<sup>3</sup> LLC is the operator of the Monument asset (hereinafter: “the **Operator**”).

- (1) Subject to the terms of the Agreement, the Operator has sole responsibility for managing the operations in the Agreement Area.
- (2) The Operator will not have voting rights and does not have participation rights in the leases. However, if a party affiliated with the Operator does not hold at least 20% of the participation rights to the Oil Asset, the Operator will be considered as having resigned.
- (3) The Operator will perform its duties in a proper and professional manner, as a responsible operator would under the same or similar circumstances.
- (4) The Operator is also required to purchase the insurances specified in the Agreement, in accordance with the provisions included therein. The Operator has the same duties of confidentiality as the other project partners.
- (5) The Operator also undertakes to provide the representatives of each party, at any reasonable time, during normal working hours, with access to the records of the joint account, in accordance with the provisions of the netting rules set out in the Agreement. The Operator will not be liable towards any other parties to the Agreement for any liability or loss, unless they result from the willful misconduct or gross negligence of the Operator.
- (6) The Operator will report to the parties and will provide them with, among other things, a copy of any drilling request and amendments thereto, reports on the progress of the drilling, a copy of any logs and surveys it has performed, and a copy of any reports sent to regulatory bodies. In addition, the Operator will provide, upon the request of any of the parties, any additional information it obtains at their expense.

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<sup>3</sup> An affiliate of Beacon Offshore Energy Exploration LLC

## 2. Dismissal of the Operator for cause

The Operator may be dismissed from its role by a vote of two or more parties to the Agreement, who hold at least 51% of the voting rights, in the following cases:

- (1) The Operator has been found responsible in a final judgment (or an arbitration award of a similar nature) for willful misconduct or gross negligence;
- (2) The Operator has committed a material breach of the Agreement and failed to rectify such breach or proved that the breach allegedly did not take place within 30 days of receipt of notification of the breach;
- (3) The Operator becomes insolvent, goes bankrupt, or is in receivership proceedings; a receiver was appointed as Operator; or a receiver was appointed for a significant part of its assets or interests;
- (4) The Operator has not commenced the construction or purchase of the development system within the time frame set in the agreement.

A decision to remove the Operator from its role will be made within 90 days after any of the parties to the Agreement (who is not the Operator) became aware of any of the foregoing events.

The withdrawal or removal of the Operator, as aforesaid, will take effect on the morning of the first day of the month following 90 days from the date of the notice of withdrawal or decision to remove the Operator, unless more time is needed to obtain approval for the replacement operator.

If the Operator withdraws or is removed from its role, a replacement operator will be appointed by the parties to the Agreement, and such a decision must be made in accordance with the voting rights set out in the agreement. If there are only two parties to the Agreement, the party that is not the Operator at that time will be eligible to become the Operator, but is not obliged to. In the event that none of the parties is willing to become the Operator, the Agreement will be terminated.

## 3. Method of netting

- Unless stated otherwise, the Operator will pay all expenses under the Agreement (expenses are approved according to the procedure described in Subsection 4 below), and the participating parties (as defined in the Agreement) will reimburse it for these expenses, pro rata to the rate of their holdings. Notwithstanding the above, the Operator may require the participating parties to make payment in advance, each for their share, in the estimated expenses, in accordance with the provisions of the Agreement.

- In addition to direct expenses, according to the netting rules set in the agreement, the Operator may charge the joint account in respect of overheads relating to a certain activity; overheads will be calculated as 3.5% – 13% of the actual cost of the activity (in accordance with the type of the activity).

4. Work plans and authorizations for expenditure

- The Agreement establishes a procedure for submission and approval of work plans, budgets and authorizations for expenditure (AFE) for operations in the areas for which it is applicable. Among other things, the Operator will not execute a given project whose estimated cost exceeds USD 500,000 without receiving prior approval of the parties in accordance with the provisions of the agreement, and except for operations based on the judgment conferred upon the Operator under the terms of the agreement, to the extent that the operation in question is required by law or in an emergency or due to force majeure, provided that this expense would have been created by a reasonable operator, and it was required to stabilize the situation or facilitate the emergency or force majeure.
- In the case of a single act that costs over USD 250,000 and less than USD 500,000, the Operator is only required to inform the parties and to specify the expense.

5. Collaterals and liens on the Partners' interests in favor of the Operator

To secure all their obligations under the Agreement, the parties other than the Operator provided the Operator, among other things, a lien on all their interests in the leases, their rights under all the project agreements, and their rights under sales agreements relating to the leases and the oil and gas sale proceeds.

6. Non-consent actions

The Agreement specifies various conditions for performing non-consent actions, and sets out, among other things, how such actions will be funded and how they will affect the parties that do not participate in the action.

7. Voting rights

In any matter brought for a vote, each party to the Agreement will have voting rights based on the rate of their interest in the leases (or the rate of their participation in such operation, as the case may be).

Unless otherwise stipulated in the Agreement, decisions will be made by an ordinary majority.

8. Sanctions applicable to the partners and conditions for their imposition

The Operator may give notice to a party that has not paid its pro-rata share of the expenses on time or has failed to meet its other financial obligations under the Agreement (hereinafter: “the **Breaching Party**”), according to which if it fails to pay within 30 days it will be considered in breach. So long as the breach continues, the Breaching Party will not be entitled to access to the rig, production systems, facilities, maps, records, data and information regarding the operation in the leases and will not be entitled to participate in meetings. Moreover, so long as the breach continues, the Breaching Party will not be entitled to vote or make decisions on matters set out in the Agreement. In the event of a dispute regarding such payment, the Breaching Party will pay the amount in dispute and the parties will act to resolve the dispute as soon as possible, and no later than 60 days from the date of receipt of notice from the Operator of the breach. In addition to the realization of the pledge described in Subsection 5, the Operator will have the right to receive the outstanding amount of consideration payable to the breaching party from sales in accordance with its share of the oil produced by the Oil Asset.

9. Dilution of the Partners' holdings: transfer of rights

The JOA sets out provisions, terms and conditions regarding the right of the Partners to transfer or assign their participation rights in the leases; according to the operational stage of the Oil Asset for which the rights are transferred, the remaining parties have a right of first refusal. The Partnership may transfer rights to a third party provided the third party holds no less than 12.5% of the participation rights, unless otherwise agreed by the parties.

10. Applicable Law and Jurisdiction

The agreement is subject to the laws of the State of Texas.

Conflicts between the parties that were not settled by way of negotiations within 90 days will be discussed before three arbitrators in a proceeding in Texas.