Navitas Petroleum, Limited Partnership

Consolidated Financial Statements as of December 31, 2024

In USD thousand

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Independent Auditor's Report

To the Partners of

Navitas Petroleum, Limited Partnership

We have audited the accompanying consolidated statements of financial position of Navitas Petroleum (Limited Partnership) (hereinafter - the "**Partnership**") as of December 31, 2024 and 2023 and the consolidated statements of comprehensive income, changes in equity of the Partnership, and cash flows for each of the three years in the period ended December 31, 2024. These financial statements are the responsibility of the board of directors and management of the Partnership's General Partner. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Certified Public Accountants (Modus Operandi of Certified Public Accountant) Regulations, 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management of the Partnership's General Partner, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Partnership and its consolidated companies as of December 31, 2024 and 2023 and the results of their operations, changes in equity and their cash flows for each of the three years in the period ended December 31, 2024, in conformity with International Financial Reporting Standards (IFRS)) and with the Israel Securities Regulations (Annual Financial Statements), 2010.

Key audit matters

The key audit matters are matters which were communicated or should have been communicated to the Partnership's Board of Directors, and which, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters include, among other things, any matter that: (1) Relates, or may relate to material items or disclosures on the financial statements; and (2) our judgment in connection therewith was particularly challenging, subjective or complex. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. Communicating these matters, as follows, does not alter our opinion on the consolidated financial statements as a whole, and we do not use their communication to provide a separate opinion on these matters, nor on the items or disclosures to which they relate.

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Estimation of the oil and gas reserves and decommissioning liability for oil and gas assets

As described in Note 2F and Note 7 to the Partnership's financial statements, the balance of investments in oil and gas assets as of December 31, 2024 is USD 1,369,917 thousand, and the depletion expenses in respect of the investments in oil and gas assets for the year ended December 31, 2024 amount to USD 12,598 thousand. An asset decommissioning liability as of December 31, 2024 amounts to approx. USD 22,858 thousand.
In accordance with the Partnership's accounting policies, oil and gas assets are depreciated using the depletion method, which is based on the estimated quantity of the proved and probable reserves from those assets (2P); when calculating the depreciation of oil and gas assets, the Group also takes into account the future amount of the investments required to produce those quantities.
An appraisal of the oil and gas reserves and the decommissioning liability a subjective process involving significant judgments, which are based on management's estimates and assumptions, using the expertise of external experts with knowledge and understanding in the field, in connection with geological data, future production costs, expected production rate, future development costs, if any, asset decommissioning liability, and an appropriate discount rate.

Due to the extent of the effect of the estimation of the oil and gas reserves on the financial statements and due to the judgments involved in such an estimate and its subjectivity, we identified the matter as a key audit matter. Investments in oil and gas assets, the estimation of the reserves, the depletion expenses, and the commitment to decommissioning of oil and gas assets as described in Note 7 to the financial statements.

Following are the key audit procedures implemented to address the key audit matter as part of our audit:

- Obtaining an understanding of the Partnership's processes and procedures with regard to the estimation of oil and gas reserves, the estimation of the expected investments in the relevant reservoirs, the estimated cost of decommissioning of those assets, and an audit of the planning and implementation of in-process controls.

- Assessing the qualifications of the experts acting on behalf of the Partnership, including their objectiveness and ability to estimate the oil and gas assets, and checking whether they have the professional capabilities required to estimate the reserves in oil and gas reservoirs.

- Testing the integrity of the data used to estimate the reserves, including, among other things, by analyzing the key changes in 2024, and comparing the reserves estimated by the Partnership and adjusting them to the information included in the oil and gas reserve report that was prepared by the external experts on behalf of the Partnership.

- Ensuring that the revised estimated oil and gas reserves were included appropriately in the accounting treatment applied to determining the depletion rate of the oil and gas assets and the liability to decommissioning of gas and oil assets.

- Checking the completeness of the calculations and the appropriateness of the disclosures in the Partnership's financial statements.

We also audited, in accordance with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel - "Audit of the Components of the Internal Controls Over Financial Reporting" - the Partnership's components of internal controls over financial reporting as of December 31, 2024, and our report, of March 23, 2025 included an unqualified opinion on the effectiveness of these components.

Tel Aviv,
March 23, 2025

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Certified Public Accountants

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Report of the Independent Auditor to the Partners of Navitas Petroleum - Limited Partnership

About the Audit of the Internal Controls over Financial Reporting

In accordance with Section 9B(c) to the Securities Regulations (Periodic and Immediate Reports), 1970

We have audited components of internal control over financial reporting of Navitas Petroleum, Limited Partnership (hereinafter - the "**Partnership**") as of December 31, 2024. These control components were set as explained in the following paragraph. The Partnership's Board of Directors and management are responsible for maintaining effective internal control over financial reporting, and for assessing the effectiveness of the components of internal control over financial reporting included in the accompanying periodic report for the said date. Our responsibility is to express an opinion on the components of internal control over financial reporting of the Partnership based on our audit.

Components of internal control over financial reporting were audited by us according to Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "Audit of the Components of the Internal Control over Financial Reporting" (hereinafter - "**Audit Standard (Israel) 911**"). These components are: (1) entity-level controls, including close-end period control process of the financial reporting and information technology general controls (ITGCs); (2) controls over the revenues process; (3) controls over the process of debt and cash management; (4) controls over the netting process with the projects' operators (hereinafter, jointly - the "**Audited Control Components**").

We conducted our audits in accordance with Auditing Standard (Israel) 911. This standard requires that we plan and perform the audit to identify the audited control components and to obtain reasonable assurance whether these control components have been maintained effectively in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the Audited Control Components, assessing the risk that a material weakness exists in the Audited Control Components, as well as reviewing and evaluating the effectiveness of the planning and maintenance of these control components based on the assessed risk. Our audit of these control components included performing such other procedures as we considered necessary under the circumstances. Our audit focused only on the audited control components, unlike internal control of all material processes relating to financial reporting, and therefore our opinion refers only to the Audited Control Components. In addition, our audit did not take into account the mutual effects between the Audited Control Components and those which are not audited, and therefore our opinion does not take into account such possible effects. We believe that our audit provides a reasonable basis for our opinion in the above context.

Due to inherent limitations, internal control over financial reporting in general, and components of internal controls in particular, may not prevent or detect a misstatement. In addition, making projections on the basis of any evaluation of effectiveness is subject to the risk that controls may become inadequate due to changes in circumstances, or that the degree of compliance with the policies or procedures may be adversely affected.

In our opinion, the Partnership effectively maintained, in all material respects, the Audited Control Components as of December 31, 2024.

We also audited, in accordance with the generally accepted auditing standards in Israel, the Partnership's consolidated financial statements as of December 31 2024 and 2023 and for each of the three years ended on December 31, 2024, and our report, of March 23 2025 included an unqualified opinion on these financial statements.

Tel Aviv,
March 23, 2025

Kost Forer Gabbay & Kasierer
Certified Public Accountants

	Note	As of December 31 2024	2023
		USD thousand	
Current assets			
Cash and cash equivalents	5	118,829	86,286
Short-term investments	6	28,297	14,893
Trade receivables	19E	9,940	8,439
Receivables and debit balances	8B	16,139	3,403
Financial derivatives	19C	1,126	2,596
		174,331	115,617
Non-current assets			
Investments in oil and gas assets, net	7	1,369,917	919,995
Restricted amounts	10	22,124	63,019
Deferred costs	2J	6,475	24,026
Financial derivatives	19C	507	1,242
Other receivables		44	1,404
Right-of-use assets		2,737	2,047
Property, plant, and equipment, net		314	288
		1,402,118	1,012,021
		1,576,449	1,127,638

The accompanying notes and appendix are an integral part of the consolidated financial statements.

	Note	As of December 31	
		2024	2023
		USD thousand	
Current liabilities			
Trade payables and other payables	9	33,823	18,164
Interest payable for debentures and long-term loans		10,176	4,361
Financial derivatives	19C	106	-
Current maturity of long-term loans from banking corporations and financial institutions	8	70,746	9,703
Current maturity of debentures, net	11	-	47,905
Current maturity of lease liabilities		1,277	831
		116,128	80,964
Non-current liabilities			
Debentures, net	11	511,206	380,103
Long-term loans from banking corporations and financial institutions, net	8	401,685	235,034
Provision for a commitment to dispose of oil and gas assets	7E	22,858	32,049
Deferred taxes	17E	16,524	17,424
Lease liabilities		1,945	1,236
Other liabilities	7D1b	38,247	-
		992,465	665,846
Partnership's equity capital	13		
Capital of participation units		379,158	311,830
Conversion component of debentures		3,156	3,318
Reserve for share-based payment		11,721	7,807
Reserve for transactions with a controlling shareholder		8,004	8,004
Reserve for cash flow hedges		(1,576)	(2,110)
Options		3,135	-
Retained loss		(15,735)	(17,153)
		387,863	311,696
Non-controlling interests		79,993	69,132
Total equity		467,856	380,828
		1,576,449	1,127,638

The accompanying notes and appendix are an integral part of the consolidated financial statements.

March 23, 2025	Gideon Tadmor	Amit Kornhauser	Tamar Rosenberg
Approval date of the financial statements	Chairman of the Board FLR Oil and Gas Management Ltd. the General Partner	CEO and Director FLR Oil and Gas Management Ltd. the General Partner	CFO FLR Oil and Gas Management Ltd. the General Partner

Consolidated Statements of Comprehensive Income

	Note	For the year ended December 31		
		2024	2023	2022
		USD thousand		
Revenue from oil and gas sales, net of royalties	15A	78,039	93,791	119,319
Cost of oil and gas production	15B	(28,611)	(30,872)	(32,415)
Depreciation and depletion expenses	7	(12,598)	(14,954)	(14,334)
Gross profit		36,830	47,965	72,570
Expenses for oil and gas exploration and project development		(1,889)	(1,319)	(953)
Derecognition of exploration and evaluation assets	7D8	-	(5,510)	(355)
General and administrative expenses	15C	(15,869)	(14,680)	(12,931)
Other expenses		(2,497)	-	-
Operating profit		16,575	26,456	58,331
Finance income	16A	7,857	4,049	1,670
Finance expenses	16B	(11,876)	(4,791)	(21,326)
Income from exchange rate differences, net		3,369	5,863	31,641
Profit before taxes on income		15,925	31,577	70,316
Taxes on income	17C	(3,646)	(6,073)	(10,684)
Net profit		12,279	25,504	59,632

The accompanying notes and appendix are an integral part of the consolidated financial statements.

	For the year ended December 31		
	2024	2023	2022
	USD thousand (Excluding profit per participation unit)		
Other comprehensive income (loss) (net of tax effect):			
Amounts classified or reclassified to profit or loss under specific conditions:			
Loss for cash flow hedges	(2,392)	(1,673)	(7,596)
Transfer to profit or loss for cash flow hedges	2,926	3,202	9,174
Total other comprehensive income	534	1,529	1,578
Total comprehensive income	12,813	27,033	61,210
Net profit attributable to:			
Owners of the Partnership's participation units	1,418	14,674	48,802
Non-controlling interests	10,861	10,830	10,830
	12,279	25,504	59,632
Total comprehensive income attributable to:			
Owners of the Partnership's participation units	1,952	16,203	50,380
Non-controlling interests	10,861	10,830	10,830
	12,813	27,033	61,210
Net profit per participation unit attributable to owners of the Partnership's participation units (in USD)			
Basic earnings	0.014	0.156	0.521
Diluted earnings	0.014	0.156	0.520

The accompanying notes and appendix are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity of the Partnership

	Attributable to owners of the Partnership's participation units									
	Partnership's equity capital	Options	Conversion component of debentures	Capital reserve for transactions with a controlling shareholder	Capital reserve for share-based payment	Capital reserve for hedging transactions	Retained loss	Total	Non-controlling interests	Total equity
	USD thousand									
Balance as of January 1, 2024	311,830	-	3,318	8,004	7,807	(2,110)	(17,153)	311,696	69,132	380,828
Net profit	-	-	-	-	-	-	1,418	1,418	10,861	12,279
Other comprehensive income	-	-	-	-	-	534	-	534	-	534
Total comprehensive income	-	-	-	-	-	534	1,418	1,952	10,861	12,813
Share-based payment	-	-	-	-	4,071	-	-	4,071	-	4,071
Deferred taxes for share-based payment	-	-	-	-	1,674	-	-	1,674	-	1,674
Issuance of participation units and options to the public (see Note 13C)	62,709	3,135	-	-	-	-	-	65,844	-	65,844
Issue of participation units from vesting of RSUs	1,815	-	-	-	(1,815)	-	-	-	-	-
Exercise of non-marketable options awarded to employees	51	-	-	-	(16)	-	-	35	-	35
Conversion of debentures into participation units	2,753	-	(162)	-	-	-	-	2,591	-	2,591
Balance as of December 31, 2024	379,158	3,135	3,156	8,004	11,721	(1,576)	(15,735)	387,863	79,993	467,856

The accompanying notes and appendix are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity of the Partnership (cont.)

	Attributable to owners of the Partnership's participation units								
	Partnership's equity capital	Conversion component of debentures	Capital reserve for transactions with a controlling shareholder	Capital reserve for share-based payment	Capital reserve for hedging transactions	Retained loss	Total	Non-controlling interests	Total equity
	USD thousand								
Balance as of January 1, 2023	309,957	3,318	8,004	5,271	(3,639)	(31,827)	291,084	58,302	349,386
Net profit	-	-	-	-	-	14,674	14,674	10,830	25,504
Other comprehensive income	-	-	-	-	1,529	-	1,529	-	1,529
Total comprehensive income	-	-	-	-	1,529	14,674	16,203	10,830	27,033
Share-based payment	-	-	-	4,409	-	-	4,409	-	4,409
Issue of participation units from vesting of RSUs	1,873	-	-	(1,873)	-	-	-	-	-
Balance as of December 31, 2023	311,830	3,318	8,004	7,807	(2,110)	(17,153)	311,696	69,132	380,828

The accompanying notes and appendix are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity of the Partnership (cont.)

	Attributable to owners of the Partnership's participation units								
	Partnership's equity capital	Conversion component of debentures	Capital reserve for transactions with a controlling shareholder	Capital reserve for share-based payment	Capital reserve for hedging transactions	Retained loss	Total	Non-controlling interests	Total equity
	USD thousand								
Balance as of January 1, 2022	309,936	3,318	8,004	2,437	(5,217)	(80,629)	237,849	47,472	285,321
Net profit	-	-	-	-	-	48,802	48,802	10,830	59,632
Other comprehensive income	-	-	-	-	1,578	-	1,578	-	1,578
Total comprehensive income	-	-	-	-	1,578	48,802	50,380	10,830	61,210
Share-based payment	-	-	-	2,855	-	-	2,855	-	2,855
Issue of participation units from vesting of RSUs	21	-	-	(21)	-	-	-	-	-
Balance as of December 31, 2022	309,957	3,318	8,004	5,271	(3,639)	(31,827)	291,084	58,302	349,386

The accompanying notes and appendix are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

	For the year ended December 31		
	2024	2023	2022
	USD thousand		
Cash flows from operating activities			
Net profit	12,279	25,504	59,632
Adjustments to reconcile cash flows from operating activities:			
Adjustments to profit or loss:			
Depletion, depreciation and amortization	13,233	15,539	14,881
Derecognition of oil and gas assets and exploration and evaluation assets	745	5,510	355
Share-based payment	4,078	4,169	2,855
Deferred taxes, net	701	5,892	10,688
Finance income, net	(9,224)	(6,200)	(20,609)
Exchange rate differences for cash balances, net	5,773	3,789	2,359
	15,306	28,699	10,529
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	(1,501)	173	(1,468)
Decrease (increase) in receivables and debit balances	552	(828)	(1,231)
Cash flow hedges	2,989	(8,351)	(3,994)
Increase (decrease) in trade payables and other payables	3,415	(1,116)	6,336
	5,455	(10,122)	(357)
Interest received	7,250	4,048	2,769
Interest paid	(4,585)	(93)	(10,256)
Taxes paid	(180)	(137)	-
Net cash provided by operating activities	35,525	47,899	62,317
Cash flows from investing activities			
Investment in oil and gas assets	(339,225)	(269,417)	(345,915)
Interest paid and capitalized to oil and gas assets, net	(62,702)	(37,265)	(14,745)
Movements in restricted amounts	33,498	56,580	297,137
Movements in deposits, net	(2,737)	(5,834)	(2,645)
Investments in marketable securities	(2,749)	(5,184)	-
Purchase of property, plant and equipment, net	(146)	(220)	(69)
Net cash used for investing activities	(374,061)	(261,340)	(66,237)

The accompanying notes and appendix are an integral part of the consolidated financial statements.

	For the year ended December 31		
	2024	2023	2022
	USD thousand		
Cash flow from financing activities			
Receipt of loans from banks and financial institutions	243,421	202,547	23,737
Repayment of loans from banks and financial institutions	(9,703)	(54,853)	(11,482)
Repayment of lease liabilities	(1,335)	(951)	(530)
Issue of debentures	279,565	100,473	33,375
Costs of raising loans and debentures	(10,807)	(9,566)	(11,579)
Repayment of debentures	(190,168)	-	-
Exercise of options for participation units	35	-	-
Issuance of participation units and options	68,272	-	-
Costs of raising capital	(2,428)	-	-
Net cash from financing activities	376,852	237,650	33,521
Effect of changes in exchange rates on cash balances held in foreign currency	(5,773)	(3,789)	(2,359)
Increase in cash and cash equivalents	32,543	20,420	27,242
Balance of cash and cash equivalents at the beginning of the year	86,286	65,866	38,624
Balance of cash and cash equivalents at the end of the year	118,829	86,286	65,866
Significant non-cash activities			
Investment in oil and gas assets against other payables and credit balances (including capitalized interest expenses)	65,365	9,473	8,691
Deferred charges against long-term loan	543	1,712	2,818
Conversion of debentures into participation units	2,591	-	-
Increase in long-term loan from banking corporations and financial institutions against other receivables.	11,183	-	-

The accompanying notes and appendix are an integral part of the consolidated financial statements.

NOTE 1 - GENERAL

A. Navitas Petroleum - Limited Partnership (hereinafter - the "**Partnership**") was established under a limited partnership agreement signed on August 30, 2015, amended from time to time. The Partnership was registered on September 8, 2015 under the Partnership Ordinance, 1975. The purpose of the Partnership is oil and gas exploration, development, and production.

As of the approval date of the financial statements, the Partnership, through investees, held a number of oil and gas assets that are producing and under various stages of development and a number of leases for oil and gas exploration.

B. The ongoing management of the Partnership is carried out by FLR Oil and Gas Management Ltd. (hereinafter - the "**General Partner**"). The address of the registered office of the Partnership is 12 Abba Eban Ave., Herzliya.

C. The Partnership's operations involve significant financial investments and a relatively high level of financial risk and uncertainty. For details about the raising of financing sources, see Notes 8, 11, and 13.

D. In October 2023, the Iron Swords War broke out (hereinafter - the "**War**") in the State of Israel. The prolongation of the War led to a slowdown in business activities in Israel, including, among other things, due to the closure of factories in the south and north of Israel, damage to infrastructures, mobilization of reservists for an unknown period, and disruption to the economic activity in Israel. The continuation of the War could lead to extensive consequences for multiple industries and different geographical areas of Israel.

The potential fluctuations in the commodity prices, exchange rates, availability of materials, availability of workers, local services, and access to local resources may affect entities whose main activity is conducted with or in Israel.
In view of the fact that all of the Partnership's assets are located in other countries, the War did not have a material effect on its operating activities.

NOTE 1 - GENERAL (cont.)

E. Definitions in these financial statements

The Partnership	-	Navitas Petroleum, Limited Partnership.
The Group	-	The Partnership and its consolidated companies.
Consolidated companies	-	Entities in which the Partnership has control (as defined in IFRS 10) and their financial statements are consolidated with the financial statements of the Partnership. See also the appendix to the financial statements listing the principal consolidated companies.
Controlling shareholder	-	Gideon Tadmor.
Interested parties and controlling shareholders	-	As defined in the Israel Securities Regulations (Annual Financial Statements), 2010.
Related parties	-	As defined in IAS 24 (amended)
USD	-	US dollar.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

A. Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter - "**IFRS**"). Furthermore, the financial statements have been prepared in accordance with the provisions of the Israeli Securities Regulations (Annual Financial Statements), 2010.

The financial statements have been prepared on a cost basis, other than for certain financial assets and liabilities (including derivative instruments and investment in marketable securities) at fair value through profit and loss.

The Partnership has elected to present the items of profit or loss using the function of expense method.

B. Operating cycle

The operating cycle of the Group is one year.

C. Consolidated financial statements

The consolidated financial statements include the statements of entities in which the Partnership has control (subsidiaries). Control exists when the Partnership has the power to affect the investee, is exposed, or has rights, to variable returns from its involvement with the investing entity, and it has the ability to affect those returns arising from the investee. When testing for control, all potential voting rights are taken into account only if they are exercisable. The financial statements are consolidated from the date that control is obtained and ends when such control ceases.

Non-controlling interests for subsidiaries represent the capital of the subsidiaries that cannot be attributed, directly or indirectly, to the Partnership. The non-controlling interests are presented in equity separately from the equity attributable to the Partnership. Profit or loss and any part of other comprehensive income are attributed to the Partnership and the non-controlling interests (see also Note 12B).

The financial statements of the Partnership and its consolidated companies are prepared at the same dates and for the same periods. The accounting policy in the financial statements of the consolidated companies is applied uniformly and consistently with the accounting policy in the Partnership's financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Joint ventures

1. A joint venture is a contractual arrangement where two or more parties undertake an economic activity of oil and gas exploration in a jointly-owned asset. Certain joint ventures often involve joint ownership in one or more assets.
   According to IFRS 11, joint control only exists when there is a formal requirement for unanimous agreement of the joint venture partners. However, a review of the joint ventures in which the Partnership is involved demonstrates that the ventures themselves have no rights in the assets and have no binding commitments on behalf of the participants. Any participant may pledge its rights in the assets and is entitled to the economic benefits arising from the venture. As a result, the participants have a proportionate share in the assets and liabilities attributable to the joint venture. For the Partnership's rights in the joint venture operations, the Partnership recognized in its consolidated financial statements its relative share of assets under joint ownership, the liabilities it assumed and that were assumed jointly in connection with activity involving the assets under jointly-owned assets, and in revenues and expenses of the joint venture.

2. The Partnership presents its share in the payments transferred to the joint ventures' operators, and which have not yet been used, under other receivables, since such amounts do not meet the definition of cash and cash equivalents.

3. The Partnership presents its share in the liabilities of the joint ventures to a third party under trade payables and other payables.

E. Functional currency and presentation currency

The Partnership's functional currency is the US dollar. The presentation currency for the financial statements is the US dollar. The Partnership assesses the functional currency of all Group entities separately.

F. Oil and gas exploration, evaluation, and development assets and investments in proved reservoirs

1. Exploration and evaluation assets

IFRS 6, Exploration for and Evaluation of Mineral Resources (hereinafter - "**IFRS 6**") sets out the accounting treatment for investments in oil and gas exploration. The Group measures oil and gas assets at cost at recognition. Accordingly, the accounting treatment used by the Group is as follows:

a) Investments in exploration and evaluation assets include the cost of leases, geological and seismic surveys, exploration drilling, and engineering planning. Expenses incurred before acquiring the lease are recognized in the statement of comprehensive income.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Oil and gas exploration, evaluation, and development assets and investments in proved reservoirs (cont.)

1. Exploration and evaluation assets (cont.)

b) Participation expenses for geological and seismic tests are defined as exploration and evaluation assets and are recognized in the statement of financial position at cost under exploration and evaluation assets.

b) Investments in oil and gas drillings that are in the drilling stage for reservoirs that are not yet proven to produce oil or gas or that are yet to be classified as being non-commercial, are defined as exploration and evaluation assets and are not systematically amortized.

d) Investments in oil and gas drillings, for reservoirs proved to be dry and were abandoned, or that were classified as non-commercial or for which development plans for the near future were not determined, are written off from investment in exploration and evaluation assets in the statement of comprehensive income.

e) Investments for reservoirs that have technical feasibility and commercial viability of oil or gas production, which are included in a range of events and circumstances, are reclassified, subject to impairment testing, from exploration and evaluation assets to oil and gas assets.

2. Oil and gas assets

The oil and gas assets item in the balance sheet includes costs accumulated for the Group's proven oil and gas assets. These costs include mainly costs for acquisition of rights, exploration drillings, engineering planning, development drilling, acquisition and establishment of production facilities and pipelines for the transmission of the oil and gas, and the estimated costs for disposing of the assets (see Section 6 below). The costs in this section are amortized to the statement of income according to the units of production method, based on the actual production volume in the period compared to the total proved and probable reserves, as appraised by an external expert. When calculating the amortization of oil and gas assets on the basis of total proved and probable reserves, the Group takes into account the future amount (in undiscounted values) of the investments required to produce the same amounts.

3. Farm-in agreements

Farm-in is the acquisition of part of the right in an oil and/or gas field in consideration for an agreement with the owner (hereinafter - the “**Farmor**”) to sell part of the rights to the transferee (hereinafter - the “**Farmee**”). In farm-in transactions where the acquired asset does not constitute a business, the accounting treatment is as follows:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Oil and gas exploration, evaluation, and development assets and investments in proved reservoirs (cont.)

3. Farm-in agreements (cont.)

As the costs are incurred, the Farmee recognizes the expense or asset, as the case may be, for its share in the oil and gas assets and for the Farmor's remaining rights, in compliance with the accounting policy for exploration and evaluation assets.

The Farmee accounts for the farm-out arrangement as follows:

- The Farmee recognizes its share in the expenses in accordance with the farm-out agreement, including expenses arising from the part that the Farmor imposed on the Farmee under the farm-out agreement.

- The Farmor recognizes expenses in accordance with the farm-out agreement in the same way that it accounts for exploration and evaluation costs that it bears directly.

4. Farm-out agreements

Farm-out is the transfer of part of the rights in an oil and/or gas field in consideration for an agreement by the transferee (hereinafter - the “**Farmee**") to meet, absolutely, certain expenses that would otherwise have to be undertaken by the owner (hereinafter - "the “**Farmor**").

The Farmor accounts for the farm-out arrangement as follows:

- The Farmor does not record any expense made by the Farmee on its behalf.
- The Farmor will derecognize the part of the gas and oil rights sold to the Farmee.
- The Farmor recognizes the farm-out arrangement in the statement of income in the amount of the difference between the consideration received or due and the carrying amount of the derecognized rights.

5. Testing for impairment of exploration and evaluation assets and oil and gas assets

Oil and gas exploration and evaluation assets are tested for impairment when the facts and circumstances indicate that the carrying amount of the exploration and evaluation asset and the oil and gas asset exceeds its recoverable amount in accordance with IFRS 6 and/or IAS 36 (see Section I).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Oil and gas exploration, evaluation, and development assets and investments in proved reservoirs (cont.)

6. Costs for undertaking to dispose of assets

The Group recognizes a liability for its share in the obligation to dispose of assets and at the same time an asset for the Group's share in the obligation to dispose of assets. The liability is first measured at present value and the expenses arising from the passage of time are recognized in the statement of income. Changes in timing and in the amount of economic resources that are required for settling the obligation, and changes in the discount rate are added or deducted from the asset in the current period together with a change in the liability.

G. Revenue recognition

Revenue from contracts with customers is recognized in the statement of income when control of the asset or service is transferred to the customer. The transaction price is the consideration amount expected to be received in accordance with the terms of the contract, less the amounts collected for third parties (such as taxes and royalties).

The Partnership operates as a principal and therefore recognizes gross revenues in respect of the proceeds.

Revenue from oil and gas sales is recognized in the statement of income at a point in time when the goods sold are transferred to the customer. Generally, control is transferred when the goods are delivered to the customer.

H. Taxes on income

The tax results for current or deferred taxes are recognized in profit or loss, except to the extent that the tax arises from items which are recognized in other comprehensive income or equity.

1. Current taxes

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability for previous years.

2. Deferred taxes

Deferred taxes are computed for temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred tax balances are calculated according to the tax rate that is expected to apply when the asset is disposed of or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

H. Taxes on income (cont.)

2. Deferred taxes (cont.)

At each reporting date, deferred tax assets are assessed in accordance with their expected use. Carryforward losses and deductible temporary differences for which deferred tax assets were not recognized are tested at each reporting date and the relevant deferred tax asset is recognized if it is expected to be utilized.

Deferred taxes are offset in the statement of financial position if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

The calculation of deferred taxes does not take into account the taxes that would be applicable in the case of disposal of investments in investees, provided that the sale of these investments in investees is not likely in the foreseeable future. In addition, deferred taxes incurred due to the distribution of earnings as dividends by investees were not taken into account, as long as this dividend distribution does not entail an additional tax liability, or due to the Partnership's policy to refrain from distributing dividends by the consolidated partnership that involve an additional tax liability.

I. Impairment of non-financial assets

The Group reviews the need for impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable.
When, in view of the impairment testing, the carrying amount of the non-financial assets exceeds their recoverable amount, the assets are written down to their recoverable amount. Any net impairment losses are recognized in profit or loss.

An impairment loss of an asset is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

For assets classified as exploration and evaluation assets (see Section 2F above), the unique criteria for impairment testing set out in IFRS 6 are applied.

These assets are tested for impairment when facts and circumstances may indicate that their carrying amount exceeds the recoverable amount attributed to them. Such facts and circumstances may include:

1. The period for which an entity holds an exploration right for specific area expires in the period or will expire in the foreseeable future, and it is not expected to be renewed.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

I. Impairment of non-financial assets (cont.)

2. There are no budgeted or planned substantive expenditures on further exploration for and evaluation of mineral resources in the specific area.

3. The exploration for and evaluation of mineral resources in the specific area did not result in the discovery of proven commercially viable quantities of mineral resources and the entity decided to discontinue these operations in the specific area.

4. Although a development in the specific area is likely to proceed, there is sufficient information indicating that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

J. Financial instruments

1. Financial assets

As of the initial recognition date, financial assets are measured at fair value plus transaction costs that are directly attributable to acquisition of the financial asset, except in the case of a financial asset measured at fair value through profit or loss, when transaction costs are recognized in profit or loss.

The Partnership measures debt instruments at amortized cost when

The Partnership’s business model is the holding of financial assets with the objective of collecting contractual cash flows and their contractual terms give rise on specific dates to cash flows representing solely payments of principal and interest for the amount of the unpaid principle.

Subsequent to initial recognition, instruments in this class will be presented according to their terms at amortized cost-plus direct transaction costs, using the effective interest method and less a provision for impairment.

2. Financial liabilities

At the initial recognition date, the Partnership measures the financial liabilities under the scope of the standard at fair value less transaction costs directly attributable to the issuance of the financial liability.

Subsequent to initial recognition, the Partnership measures financial liabilities at amortized cost in their entirety.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Financial instruments (cont.)

2. Financial liabilities (cont.)

The Partnership recognizes costs and commissions paid for securing unutilized long-term credit as deferred costs, provided that the Partnership expects to utilize such credit facilities. When utilizing the credit facilities that were provided, the Partnership offsets a proportionate share of the deferred costs against the loan taken, which impacts the effective interest rate of the loans taken. If the Partnership does not expect to utilize any credit facility, the deferred costs recognized with respect that credit facility are charged to the statement of comprehensive income.

3. Derecognition of financial liabilities

The Partnership derecognizes a financial liability when, and only when, it is settled - that is, when the obligation defined in the contract expires or when it is discharged or canceled.

A financial liability is extinguished when the debtor pays the liability by a cash payment, other financial assets, goods or services, or is legally discharged of the liability.

In the event of a change in the terms of an existing financial liability, the Partnership examines whether the terms of the liability are materially different from the existing conditions.

When there is a material change in the terms of an existing financial liability, the change is accounted for as derecognition of the original liability and recognition of a new liability. The difference between these two financial liabilities in the financial statements is recognized in profit or loss.

In the case of an immaterial change, the Partnership is required to adjust the amount of the liability, meaning to discount the new cash flows at the original effective interest rate, with the differences being recognized in profit or loss.
When assessing whether there is a significant change in the terms of an existing liability, the Partnership takes into account qualitative and quantitative considerations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Financial instruments (cont.)

4. Compound financial instruments

Convertible debentures, which include an equity conversion component and a liability component, are separated into two components. This disaggregation is performed by first determining the carrying amount of the liability component based on the fair value of a similar non-convertible liability, and the carrying amount of the equity conversion component is the residual value. Direct transaction costs are apportioned between the equity component and the liability component based on the allocation of proceeds to the equity and liability components.

5. Issuance of a parcel of securities

When issuing a parcel of securities, the consideration received (before issuance expenses) is attributable to the securities issued in the parcel based on the following allocation hierarchy: Financial derivatives and other financial instruments are presented at fair value in each period. Subsequently, the fair value for financial liabilities measured at amortized cost is determined when the consideration attributed to equity instruments are determined as the residual value. Issuance costs are attributed to each component based on the ratio of the amounts determined for each component of the parcel.

6. Derivative financial instruments for hedge accounting

The Group designates certain derivative financial instruments as hedging instruments to hedge the risks associated with fluctuations in oil prices and in the USD-NIS exchange rate.
Any profits or losses arising from changes in the fair values of derivatives that do not qualify for hedge accounting are recognized directly in the statement of income.

Hedge transactions qualify as hedge accounting when, at the inception of the hedge, there is formal designation and documentation of the hedging relationships and the risk management objectives and strategy of the Group for hedging. The hedge is tested on an ongoing basis and determined in practice when it is highly effective throughout the financial reporting period to which the hedge is assigned. Hedging transactions are accounted for as follows:

Cash flow hedges

The effective portion of the changes in the fair value of the hedging instrument is recognized in other comprehensive income (loss), while any ineffective portion is recognized immediately in profit or loss.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Financial instruments (cont.)

6. Derivative financial instruments for hedge accounting (cont.)

Cash flow hedges (cont.)

Other comprehensive income (loss) is transferred to profit or loss when the hedged transaction results are recognized in profit or loss, such as in periods when the interest income or interest expense is recognized or when a forecast sale occurs. Where the hedged item is a non-financial asset or liability, this cost also includes the amount of the profit (loss) from the hedged instrument.

The Partnership discontinues hedge accounting prospectively only when the hedging relationships or part of them no longer comply with the qualifying criteria (after taking into account any rebalancing of hedge relationships, if relevant) including cases where the hedging instrument expires, is sold, canceled or exercised. When the Partnership discontinues hedge accounting, the amount accrued in the hedge fund will remain in the hedge fund until the cash flow occurs or is classified in profit or loss, if the hedged future cash flows are no longer expected to occur.

K. Fair value measurement

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes a transaction taking place in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market.

The Group uses valuation techniques that are appropriate to the circumstances and for which sufficient information is available to measure fair value, while maximizing the use of relevant observable data and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value, or for which there was fair value disclosure, are categorized within the fair value hierarchy, based on the lowest level of the data, which is significant to fair value measurement of a whole:

Level 1: Quoted prices (unadjusted) in an active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3: Inputs that are not based on observable market data (assessment without using observable market inputs).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

L. Earnings (loss) per participation unit

Earnings (loss) per participation unit are calculated in accordance with IAS 33, which determines, among other things, that the Partnership will calculate the basic earnings per participation unit for profit or loss, attributable to the owners of the participation units and will also calculate the basic earnings per participation unit for profit or loss from continuing operations, attributable to the Partnership's participation units, if such earnings are recognized.

Potential ordinary participation units are included in the computation of diluted earnings per participation unit if their effect dilutes the earnings per participation unit from continuing operations. Potential participation units that were converted in the period are included in diluted earnings per participation unit only until the conversion date and from that date, in basic earnings per participation unit. The Partnership's share of earnings of investees is based on the earnings per share of the investees multiplied by the number of shares held by the Partnership.

M. Share-based payment transactions

The Group's employees are entitled to benefits by way of share-based payment settled in the Partnership's equity instruments (participation units).

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments at the grant date. The fair value is determined using a standard pricing model.

The cost of equity-settled transactions is recognized in profit or loss, together with a corresponding increase in equity, during the period which the service conditions are to be satisfied, ending on the date on which the relevant employees become fully entitled to the award (hereinafter - the "**Vesting Period**"). The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will eventually vest.

No expense is recognized for awards that do not eventually vest, except where vesting is subject to market conditions accounted for as vested awards irrespective of the existence of the market conditions, assuming that all the other vesting conditions are satisfied.

If the Partnership modifies the terms under which equity instruments were allotted, an additional expense is recognized for any modification that increases the total fair value of the share-based payment compensation or is otherwise beneficial to the employee according to the fair value at the modification date.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

M. Share-based payment transactions (cont.)

If an allotment of an equity instrument is canceled, it is accounted for as if it had vested on the cancellation date, and any expense not yet recognized for the allotment is recognized immediately. However, if a new allotment replaces the canceled allotment and is identified as a replacement allotment on the allotment date, the canceled and new allotment are accounted for as a modification of the original allotment, as described above.

N. Borrowing costs

The Group capitalizes borrowing costs related to the development of oil and gas assets, for which a significant period of time is required for their development, intended use, or sale.

Capitalization of borrowing costs begins when the costs for the assets itself are expended, the activities attributable to preparation of the qualifying asset are in progress and borrowing costs are INCURRED AND ceases when substantially all the activities attributable to preparation of the qualifying asset for its intended use or sale are complete. The amount of discounted credit costs in the Reporting Period includes specific credit costs and non-specific credit costs at a weighted discount rate. Other borrowing costs are carried as incurred to finance expenses in profit or loss.

NOTE 3 - A. CHANGES IN ACCOUNTING POLICIES - FIRST-TIME APPLICATION OF NEW FINANCIAL REPORTING STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

Amendment to IAS 1, *Presentation of Financial Statements*

In January 2020, the IASB issued an amendment to IAS 1 regarding requirements for classifying liabilities as current or non-current (hereinafter - the "**Original Amendment**"). In October 2022, the IASB issued a subsequent amendment to the said amendment (hereinafter - the "**Subsequent Amendment**").

According to the Subsequent Amendment:
It is only financial covenants, which an entity is required to comply with at the end of the reporting period or prior to that, which affect the classification of that liability as a current or non-current liability.
For liabilities, in respect of which compliance with financial covenants is assessed within 12 months after the reporting date, entities are required to provide disclosure, which will enable users of the financial statements to understand the risks pertaining to that liability. In other words, the Subsequent Amendment stipulates that entities will disclose the carrying amount of the liability, information about the financial covenants and facts and circumstances as of the end of the reporting period, which may indicate that the entity may have difficulty complying with the financial covenants.

The Original Amendment stipulated that a liability's conversion right will affect the classification of the entire liability as a current or non-current liability, except for cases where the conversion component is equity-classified.
The original amendment and the subsequent amendment were applied retrospectively for annual periods beginning on January 1, 2024.

The Amendment did not affect the Partnership's Consolidated Financial Statements.

B. DISCLOSURE OF NEW IFRSS IN THE PERIOD PRIOR TO THEIR ADOPTION

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board (IASB) published IFRS 18 - Presentation and Disclosure in Financial Statements (hereinafter - the "**New Standard**"), which supersedes IAS 1 - Presentation of Financial Statements (hereinafter - "**IAS 1**").

The purpose of the New Standard is to enhance comparability and transparency in the financial statements.

The New Standard retains existing IAS 1 requirements and adds new requirements regarding presentation in the statement of income, including presentation of amounts and subtotals, which are required under the New Standard, disclosure of management-defined performance measures, and new requirements regarding aggregation and disaggregation of financial information.

NOTE 3 - B. DISCLOSURE OF NEW IFRSS IN THE PERIOD PRIOR TO THEIR ADOPTION (cont.)

The New Standard does not change the provisions regarding recognition and measurement of financial statement items. However, since income statement items will have to be classified into one of five categories (operating activity, investing activities, financing activities, income tax, and a discontinued operation), it may change the entity's operating profit. In addition, the publication of the New Standard triggered limited amendments to other accounting standards, including IAS 7 - Statement of Cash Flows and IAS 34 - Interim Financial Reporting.

The New Standard will be applied retrospectively for annual periods beginning on or after January 1, 2027. In accordance with the resolution of the Israel Securities Authority, early application is permitted with disclosure provided, as from the period beginning in January 2025.

The Partnership is studying the effects of the New Standard - including the effect of the amendments on other accounting standards as a result of the New Standard - on the Consolidated Financial Statements.

NOTE 4 - SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Following are the key assumptions made in the financial statements concerning uncertainties as of the reporting date and the critical estimates calculated by the Partnership; a material change in the assumptions and estimates may result in a material adjustment to the carrying amounts of assets and liabilities in the financial statements in the subsequent year:

A. Amortization of oil and gas assets

Investments in oil and gas assets are amortized to the statement of income according to the units of production method, based on the actual production volume in the period compared to the total proved and probable reserves as appraised by an external expert. When calculating the amortization of oil and gas assets on the basis of total proved and probable reserves, the Group takes into account the future amount (in undiscounted values) of the investments required to produce the same amounts. The estimate of the proven and prospective oil and gas reserves are used to determine the amortization rate of the assets used in the operations over the reporting period. Depreciation of investments (also taking into account expected future costs for production of the proven and prospective resources) associated with discovery and production of proven and probable oil and gas reserves is based on the depletion method; according to this method, in each accounting period the assets are depreciated at a rate determined by the number of units of oil and gas actually produced, divided by the proven and prospective oil and gas reserves remaining according to estimates. The estimated oil and gas reserves in the producing reservoirs in the reporting period, and the future anticipated costs are calculated each year based partially on assessments of oil and gas reserves by external experts. The estimated proven and prospective reserves and the future anticipated costs according to these principles is subjective, based on different assumptions and the estimates of experts and may sometimes differ significantly. Given the significant amounts of the depreciation expenses, the changes described above can have a material effect on the operating results and the financial position of the Partnership (including in respect of testing for impairment of gas and oil assets).

B. Testing for impairment of exploration and evaluation assets and oil and gas assets

Exploration, evaluation, and development assets are not systematically depreciated; these assets are tested for impairment when facts and circumstances may indicate that the carrying amount exceeds the recoverable amount attributed to them.

The recoverable amount of exploration and evaluation assets and oil and gas assets is determined by discounting future cash flows and includes various assumptions and estimates regarding anticipated selling prices, the number of wells used for production, production costs, and the determination of capitalization rates. A change in the assumptions and estimates may affect the recoverable amount of the exploration, evaluation, and development assets.

NOTE 4 - SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

C. Liability in respect of decommissioning of assets

The Partnership recognizes an asset, and concurrently it recognizes a liability in respect of its obligation for decommissioning of oil and gas assets when they are no longer used. The timing and amount of the economic resources required to settling the obligation is assessed periodically in order to test their appropriateness.

NOTE 5 - CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
	USD thousand	
Cash balances available for immediate withdrawal	85,583	20,754
Cash equivalents - short-term deposits (1)	33,246	65,532
Total	118,829	86,286

(1) The deposits are held in banking corporations. As of December 31, 2024 bear interest at an annual rate of approx. 4.1% (as of December 31, 2023 - 5.7%).

NOTE 6 - SHORT-TERM INVESTMENTS

	December 31	
	2024	2023
	USD thousand	
A. Deposits with banking corporations		
Short-term deposits from banking corporations (*)	1,252	4,458
Restricted deposits and cash (**)	18,116	4,777
Total deposits with banking corporations	19,368	9,235
B. Financial assets measured at fair value through profit or loss		
Mutual funds (debentures in Israel)	8,929	5,658
Total	28,297	14,893

(*) Deposits with banking corporations. As of December 31, 2024 bear interest at an annual rate of approx. 4.0% (as of December 31, 2023 - 5.9%).

(**) Restricted deposits with banking corporations. As of December 31, 2024 bear interest at an annual rate of approx. 5.3% (as of December 31, 2023 - 4.8%).

NOTE 7 - INVESTMENTS IN OIL AND GAS ASSETS

A. Composition

		December 31	
		2024	2023
		USD thousand	
Oil and gas assets			
Shenandoah project	7D1	1,090,005	721,272
Sea-Lion project	7D2	33,421	17,274
Sea-Lion Project (loans to RKH)	12B	17,914	4,798
Buckskin project	7D3	79,176	61,141
Monument Project	7D4	31,424	2,630
Denbury project	7D5	94,001	94,089
Neches Project	7D6	17,763	16,266
Shenandoah South Project (formerly Yucatan)	7D7	1,098	1,029
		1,364,802	918,499
Exploration and evaluation assets	7D9	5,115	1,496
		1,369,917	919,995

NOTE 7 - INVESTMENTS IN OIL AND GAS ASSETS (cont.)

B. Movement

	Oil and gas assets	Exploration and evaluation assets	Total
		USD thousand	
Cost			
Balance as of January 1, 2023	669,460	1,083	670,543
Investment in existing assets	260,889	5,923	266,812
Revision of the provision for a commitment to dispose of oil and gas assets	(3,912)	-	(3,912)
Capitalized credit costs	44,887	-	44,887
Derecognition	-	(5,510)	(5,510)
Balance as of December 31, 2023	971,324	1,496	972,820
Investment in existing assets	387,733	3,619	391,352
Revision of the provision for a commitment to dispose of oil and gas assets	(10,336)	-	(10,336)
Capitalized credit costs	82,249	-	82,249
Derecognition	(1,239)	-	(1,239)
Balance as of December 31, 2024	1,429,731	5,115	1,434,846
Accumulated depreciation, depletion and amortization			
Balance as of January 1, 2023	(37,871)	-	(37,871)
Depletion	(14,954)	-	(14,954)
Balance as of December 31, 2023	(52,825)	-	(52,825)
Depletion	(12,598)	-	(12,598)
Derecognition	494	-	494
Balance as of December 31, 2024	(64,929)	-	(64,929)
Depreciated cost as of December 31, 2024	1,364,802	5,115	1,369,917
Depreciated cost as of December 31, 2023	918,499	1,496	919,995

NOTE 7 - INVESTMENTS IN OIL AND GAS ASSETS (cont.)

C. Details regarding the Partnership's rights in oil and gas assets

	Class	Right valid until	The Partnership's share	Royalties to the State	Royalties to others (1)
USA					
Shenandoah	Offshore	In accordance with the approval of the LHO (3)	49%	12.5%-16.67%	2%-3%
Sea-Lion	Offshore	December 31, 2026	65%	9%	-
Buckskin	Offshore	HBP (2)	7.5%	12.5%	1%
Monument	Offshore	SOP (4)	28.57%	18.75%	Approx. 2.7%
Denbury	Onshore	HBP (2)	Approx. 50%	-	Approx. 20%
Neches	Onshore	HBP (2)	Approx. 98%	-	Approx. 15%
Shenandoah South	Offshore	June 30, 2028	41.85%	18.75%	-

(1) Not including 6% in overriding royalties for the shareholders in the General Partner. For further details see Note 18D.

(2) Since production began, all leases in the area of the oil asset are held by production (HBP) and will continue to be valid throughout production. Areas of oil assets with a right of ownership in minerals are not subject to production and will remain in force.

(3) Lease Holding Operations - after the commencement of development drillings in the oil asset, but before the commencement of production, a Lease Holding Operations approval is received, which allows holders of rights to hold the license over a year since the end of the drilling activities until the commencement of production from the oil asset. If production has not started or other development activities have not taken place within a year from the end of the drilling activity, the entity is required to obtain a renewed Suspension of Production (SOP) approval.

(4) SOP - Suspension of Production, in the event that oil production from the Lease during the Lease period (original or extended) did not commence, SOP approval may be obtained. When granting SOP, a binding work schedule will be set, that includes milestones for the development of the asset, from the date it is granted until the start of production. Leases are extended based on SOP for fixed periods only - usually of a year at a time. As long as the Lease holders comply with the work schedule, the SOP will be extended for a further fixed period until first oil.

NOTE 7 - INVESTMENTS IN OIL AND GAS ASSETS (cont.)

D. The Partnership’s operations in oil and gas assets

1. Shenandoah

A. The Shenandoah oil asset is a discovery that includes 3 federal leases for the exploration, development, and production of oil and gas in the waters of the Gulf of America in the United States. The discovery well was drilled in 2009. Following the discovery, nine more discovery wells were drilled for verification and evaluation purposes. The area of the reservoir is estimated at approx. 69.9 sq. km.

On August 25, 2021, the partners to the Shenandoah oil asset made a final investment decision to develop the oil asset at a budget of approx. USD 1.8 billion (for 100% of the rights to the project). The FID was made after securing in advance all the amounts required for developing the oil asset, in such a way that the Project would not be exposed to financing risks on the part of any of the partners.

At the FID date, ShenHai (a wholly-owned subsidiary of the Partnership) entered into an agreement to sell 4.1% of its rights in the project to Beacon Offshore Energy Development, LLC in exchange for approx. USD 6.3 million in cash; it will be entitled to an additional deferred payment, amounting to approx. USD 1.5 million, to be paid after production commences in the project, at a time when distributions of funds will be permitted under the Project Financing Agreement (see Note 8B). In the Partnership's opinion the consideration is expected to be received towards the end of 2025.

On October 24, 2022, the General Partner’s Board of Directors authorized the execution of four development and production drillings in the oil asset, and on November 1, 2022, the Shenandoah Project Operator, BOE Exploration & Production LLC (hereinafter - the “**Operator**”), informed the Partnership of the drillship Transocean Atlas’s arrival at the first of four drilling sites, and of commencing the combined execution of the four drillings. In 2024, the project operator announced it had successfully completed the drilling of the four development and production drillings until their final depth.

In addition, as of the approval date of the financial statements, the completion work on the two producing wells (SA008 and SA009) were successfully completed, and the work in the third producing well (SA007) is underway. Furthermore, flowbacks were successfully completed in the two producing wells in which completion works were completed.

NOTE 7 - INVESTMENTS IN OIL AND GAS ASSETS (cont.)

D. The Partnership's operations in oil and gas assets (cont.)

1. Shenandoah (cont.)

B. In February 2024, during the course of the construction of the floating production and storage facility (hereinafter - "**FPS**") of the Shenandoah project, a workplace accident occurred in the Hyundai Heavy Industries Co Ltd. shipyard in South Korea (hereinafter - "**HHI**"), and consequently the FPS's topsides were damaged.
In July 2024, the operator informed the Partnership that the FPS topsides had been successfully lifted and connected to the FPS hull at the HHI shipyard. Furthermore, the operator informed that the principal testing and repair works of the topsides had been successfully completed.
The project operator estimates that most of the additional costs relating to the workplace accident shall be covered by the insurance coverage currently in place in connection with the construction of the project and/or under the agreement with HHI, and therefore those costs did not have a material effect on the project's budget.
In December 2024, construction of the FPS was completed at the HHI shipyard, and subsequent to the statement of financial position date, in February 2025, the FPS arrived in the Gulf of America. During March 2025, the FPS was deployed to its final location and its anchoring and connection work will commence in the next few days. As of December 31, 2024, investments in the project include a total of approx. USD 36 million (before interest) to be paid to suppliers in 2026-2027.

C. On December 20, 2024, the Project Partners approved the expansion and acceleration of the project development (hereinafter - the "**Expanded Development Plan**"), which includes, among other things, bringing forward future execution stages in order to bring forward the improvement in the maximization of value from the oil asset with optimal utilization of the FPS capacity.
The revised total budget of the Expanded Development Plan, which is expected to be used for CapEx by the end of 2028, totals approx. USD 753 million (the Partnership's share stands at approx. USD 369 million), of which approx. USD 319 million was approved on the abovementioned date (the Partnership's share stands at approx. USD 156 million) and the remaining balance will require additional approval by the Project Partners.

D. In accordance with the revised banking model as described in Note 8B, the total budget for the Partnership's share in the Project from the date of the final investment decision (in August 2021) through first oil, totals approx. USD 1,028 million.

NOTE 7 - INVESTMENTS IN OIL AND GAS ASSETS (cont.)

D. The Partnership's operations in oil and gas assets (cont.)

1. Shenandoah (cont.)

E. According to the resources report prepared by an independent reserves assessor as of November 30, 2024, the proved reserves (1P) in the Shenandoah Project (100%) are estimated at approx. 148.2 MMBBL of oil and approx. 173.4 BCF of natural gas. The proved and projected reserves (2P) are estimated at approx. 334 MMBBL of oil and approx. 390.8 BCF of natural gas.

F. According to the Operator's assessment, production from the project is expected to commence in June 2025.

2. Sea-Lion project

Sea-Lion, an offshore oil asset in the Southwestern Atlantic Ocean, approx. 220 km north of the Falkland Islands, approx. 450 meters underwater. It overall area is estimated at approx. 2,697 sq. km. The oil asset was discovered by Rockhopper Exploration plc (hereinafter - "**RKH**" or "**Rockhopper**") in 2010. In 2012, Premier Oil Exploration And Production Limited (hereinafter - "**Premier**") acquired 60% of the rights in the oil asset from RKH and was appointed operator. Since the discovery drillings, several more appraisal and confirmation wells have been made in the oil asset (a total of 20 drillings), with a total investment of approx. USD 1.3 billion.

In September 2022, the Partnership completed, through a wholly-owned foreign subsidiary, a transaction for the acquisition of 65% of the rights in several oil discoveries in the Falkland Islands, the main of which is the Sea Lion oil discovery. Upon completion of the transaction, the Group became the project operator (through a wholly-owned subsidiary, indirectly). The Sea Lion oil asset includes several reservoirs whose development is planned to be carried out in stages according to three development areas (Northern, Central and Southern Development Areas). The first development will be in the Northern development area. The development plan will be gradual; at this stage, it includes five development phases in the northern and central areas. As of the approval date of the financial statements, the operator submitted a Project Field Development Plan (FDP), which was approved in principle by the Falkland Islands Government and includes only the first two development phases in the northern area.

In October 2024, the Falkland Islands Government approved the extension of the term of the Oil Asset Leases until December 31, 2026.

For further details regarding the acquisition transaction, see Note 12B below.

According to the resources report prepared by an independent reserves assessor as of December 31, 2024, the best estimate of contingent resources (2C) in (100%) is estimated at approx. 917 MMBBL of oil and 2,056 BCF of natural gas.

NOTE 7 - INVESTMENTS IN OIL AND GAS ASSETS (cont.)

D. The Partnership's operations in oil and gas assets (cont.)

3. Buckskin project

Oil field located approx. 267 miles southwest of New Orleans, USA, in the deep waters of the Gulf of America, at a depth of 2,000 meters. The area of the reservoir is estimated at approx. 151.5 sq. km. In 2017, the Group completed two transactions for the acquisition of 7.5% of the rights in the Buckskin project, an oil and gas discovery.

In the first half of 2019, all Phase 1 - First Stage development works were completed in the northern end of the Project (hereinafter - "**Buckskin North**"), which includes two wells, and in June 2019, the Project's commercial oil and gas production began.

In September 2022 production commenced from the third development drilling after the completion of the drilling and the completion works.

In May 2024, the completion works for production at the fourth development and production drilling were successfully completed in the northern section of the reservoir. In August 2024, the connection work to the production facility of the fourth development and production drilling in the northern section of the reservoir were successfully completed, and the production from it began as planned.

In January 2025, the execution of a fifth Development Drilling started in the northern part of the Buckskin reservoir.

The operator promotes an integrated development plan for the northern and southern reservoirs of the oil asset, based on connection to the existing transmission and treatment infrastructure on the Lucius production platform and the transmission pipeline from the platform to the coast, making full use of available treatment capacity.

According to the Operator's recommendation and the work plan for the said asset, in August 2024, the project operator successfully completed the drilling of the first development and production drilling in the reservoir's southern section, which reached its final depth.

According to the resources report prepared by an independent reserves assessor as of December 31, 2024, the proved reserves (1P) in the Buckskin Project (100%) are estimated at approx. 160.6 MMBBL of oil and approx. 35.2 BCF of natural gas. The proved and projected reserves (2P) are estimated at approx. 265.3 MMBBL of oil and approx. 58.3 BCF of natural gas.
An addition, the best estimate of contingent resources (2C) in Buckskin (100%) is estimated at approx. 62.4 MMBBL of oil and 22.8 BCF of natural gas.

NOTE 7 - INVESTMENTS IN OIL AND GAS ASSETS (cont.)

D. The Partnership's operations in oil and gas assets (cont.)

4. Monument Project

The Monument oil asset is a proven discovery located approx. 27 km south of the Shenandoah project (hereinafter - "**Monument**" or the "**Oil Asset**").

On June 5, 2023, the Partnership completed a transaction for the acquisition of 20% of the rights in the Monument discovery through Navitas Monument US LLC, a wholly-owned subsidiary (hereinafter - "**Navitas Monument**").

In addition, on July 15, 2023, the Partnership, through wholly owned subsidiary ShenHai LLC. (hereinafter - "**ShenHai**") - together with the other Shenandoah partners - engaged (through ShenHai) in a binding agreement for the provision of production and handling services in respect of the oil and natural gas that will be produced from Monument; those services are to be provided through the floating production system (hereinafter - "**FPS**") of the Shenandoah project (hereinafter - the "**Production and Handling Services**"). The Production and Handling Services will be provided over the life of the oil asset.

For further details regarding the acquisition transaction and the agreement for production and handling services, see Note 12E below.

On January 4, 2024 three of the partners to the Project (including the Partnership), which hold 70% of the project, approved the Project's preliminary development budget. The partners that approved the budget reached agreements according to a mechanism set in the Joint Operating Agreement (JOA) with respect to the structure of holdings in the oil asset, such that each of the three partners, WHICH approved the preliminary budget, will increase its holdings in accordance with its proportionate share. In accordance with the above, the General Partner's Audit Committee and Board of Directors approved the increase in the Partnership's share in the project, at no cost, by further 8.57%, such that the Partnership's share in the project is 28.57%.

Concurrently with the increase in holdings in the project as described above, on March 1, 2024 the partners made a final investment decision for the development of the project (hereinafter - "**FID**"). As part of the FID, the Project's preliminary development budget was approved; production will be made using the floating production system (FPS) of the Shenandoah project totaling approx. USD 259 million (the Partnership's share, subsequent to increasing its share as aforesaid, is approx. USD 74 million).

NOTE 7 - INVESTMENTS IN OIL AND GAS ASSETS (cont.)

D. The Partnership's operations in oil and gas assets (cont.)

4. Monument Project (cont.)

The total project development budget is approx. USD 855 million (Partnership's share amounts to approx. USD 244 million). In the reporting period, the operator continued its preparations for the development of the project, as part of which various agreements were signed with key suppliers, including an agreement with the drilling vessel for the provision of drilling services and completion of the two development wells in the project, as well as agreements to use the exportation pipelines and subsea umbilicals, risers, and flowlines agreement (SURF).

For details regarding the Project Financing Agreement, see Note 8D.

According to the resources report prepared by an independent reserves assessor as of December 31, 2024, the proved reserves (1P) in the Monument Project (100%) are estimated at approx. 63.0 MMBBL of oil and approx. 34.8 BCF of natural gas. The proved and projected reserves (2P) are estimated at approx. 104.5 MMBBL of oil and approx. 59.6 BCF of natural gas.

5. Denbury project

On March 4, 2020, the Partnership, through Navitas Petroleum Onshore, LLC, a wholly owned subsidiary (hereinafter - "**NPO**"), completed a transaction for the acquisition of 50% of the rights in Denbury Onshore LLC (hereinafter - "**Denbury**") in 4 producing onshore oil fields: Thompson, Manvel, East Hastings, and Webster, in Texas, United States (hereinafter - the "**Denbury Assets**").

Under the operating agreements that were signed, Denbury will remain the operator in the acquired oil assets.

According to the resources report prepared by an independent reserves assessor as of December 31, 2024, the proven reserves (1P) of the Denbury Project (100%) are estimated at approx. 16 MMBBL of oil and approx. 10.1 BCF of natural gas. The proved and projected reserves (2P) of the Denbury Project (100%) are estimated at approx. 20.8 MMBBL of oil and approx. 12.3 BCF of natural gas.

6. Neches

On July 31, 2019, the Partnership, through Peles, LLC (hereinafter - "**Peles**"), a wholly owned (indirect) subsidiary, completed a transaction for the acquisition of the entire rights of Breitburn Operating LP in the onshore Neches oil field for a consideration of approx. USD 17.9 million. The Neches oil field is a producing field, covering an area of approx. 38 sq. km in East Texas (hereinafter - the "**Neches Project**"). As part of the transaction, the seller's entire rights in the Neches Project were acquired, as well as the connected facilities in the project area, including the production facilities and pipeline. The average holding rate of Peles in the project leases is approx. 98%.

NOTE 7 - INVESTMENTS IN OIL AND GAS ASSETS (cont.)

D. The Partnership's operations in oil and gas assets (cont.)

6. Neches (cont.)

Peles serves as an operator in the oil asset and has entered into agreements with the existing operations team in order to continue steady operation.

In the first quarter of 2020, as part of a transaction to finance the acquisition of additional onshore oil assets, Peles transferred its entire rights in the Neches Project to NPO.

According to the resources report prepared by an independent reserves assessor as of December 31, 2024, the proven reserves (1P) of the Neches Project (100%) are estimated at approx. 2.8 MMBBL of oil and 2.9 BCF of natural gas. The proved and projected reserves (2P) of the Neches Project (100%) are estimated at approx. 4.2 MMBBL of oil and approx. 3.8 BCF of natural gas.

7. Shenandoah South (Yucatan)

The Shenandoah South oil asset includes one lease, adjacent to the Shenandoah oil asset. The area of the oil asset is approx. 23.3 sq. km; it is located in the deepwater of the Gulf of America. Between 2012 and 2014, an oil was discovered in the lease area. The Partnership intends to develop the oil asset as a future Shenandoah Project phase, as part of which the Shenandoah South partners will receive handling and transmission services from the platform that will serve the Shenandoah oil asset.

In accordance with the Shenandoah South resources reports prepared by an independent reserves assessor as of December 31, 2024, the best estimate of contingent resources (2C) in the reservoir (100%) is estimated at approx. 41.6 MMBBL of oil and 28.3 BCF of natural gas.

8. Block 7 (Canada)

In November 2016, the Partnership, together with Delek Group Ltd. (hereinafter - the "**Delek Group**"), won a tender for an offshore exploration lease in the area east of Newfoundland in Canada. The partners in the drilling undertook to invest a total of CAD 48 million (approx. USD 36 million); the Partnership's share in the investment undertaking was USD 10.8 million (30%), of which the Partnership undertook to provide a guarantee in the amount of approx. CAD 3.6 million (approx. USD 2.7 million). The guarantee will be released in the amount of up to 33% of the actual investments as defined in the lease. The lease was granted for six years, with an option for an extension of three more years. At the end of the period, the lease will expire and the lease areas will be returned, with the exception of areas in which a discovery is declared, if any, and a discovery or development lease will be received for these areas. In December 2023, the Partnership paid a total amount of approx. CAD 2.5 million (approx. USD 1.8 million) for a commitment to invest in drilling in 2023.

NOTE 7 - INVESTMENTS IN OIL AND GAS ASSETS (cont.)

D. The Partnership's operations in oil and gas assets (cont.)

8. Block 7 (Canada) (cont.)

In January 2024, the lease expired and accordingly, in 2023, the Partnership recognized a loss of approx. USD 5.5 million in respect of the entire investments incurred in respect of this asset. The loss is included under the line item derecognition of exploration and evaluation assets in the statement of comprehensive income.

9. Exploration and evaluation assets

In 2024, the Partnership invested - through a subsidiary - approx. USD 3.6 million in an offshore exploration license in the Philippines.

E. Provision for a commitment to dispose of oil and gas assets

1. Composition:

	December 31	
	2024	2023
	USD thousand	
Shenandoah project	12,315	13,421
Buckskin project	2,807	3,173
Sea-Lion project	3,315	10,725
Denbury project	3,562	3,884
Neches Project	859	846
Total	22,858	32,049

The average weighted discount rate used to discount the obligation in respect of decommissioning of oil and gas assets is 6.5% (2023: same).

2. Movement:

	USD thousand
Balance as of January 1, 2023	34,910
Liabilities recognized in the reporting period against oil and gas assets	(3,912)
Effect of passage of time	1,051
Balance as of December 31, 2023	32,049
Net liabilities recognized in the reporting period against oil and gas assets	(10,336)
Effect of passage of time	1,145
Balance as of December 31, 2024	22,858

NOTE 8 - LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS

	Currency	Current liabilities as of December 31		Non-current liabilities as of December 31	
		2024	2023	2024	2023
		USD thousand			
Project financing					
Loans for funding the Denbury project [(a)]	USD	9,703	9,703	28,631	38,104
Loans for funding the Shenandoah Project [(b)]	USD	61,043	-	334,154	196,930
Credit from a financial institution [(c)]	USD	-	-	38,900	-
		70,746	9,703	401,685	235,034

A. Loans for funding the Denbury project

Further to Note 7D5 regarding acquisition of the Denbury project, on February 27, 2020, NPO entered into a financing agreement with a bank and an institutional entity in Israel (which is revised from time to time). The following are the main terms of the agreement regarding the outstanding principal of the loans:

- The loans principal, which totals approx. USD 39 million as of December 31, 2024, will be repaid in equal semi-annual installments until December 31, 2028.
  The project loans bear annual interest of Term SOFR plus a 5.11% margin (as of December 31, 2024, the interest rate is approx. 10.4%). Interest is payable in semi-annual installments until December 31, 2028. The effective interest rate for the loan as of December 31, 2024 is approx. 11.4%.

- Financial covenants

  Under the financing agreement, NPO undertook, among other things, to maintain a minimum historical debt service coverage ratio (DSCR) (calculated for the last 12 months) and future DSCR (calculated for the next 12 months in accordance with the Partnership's forecasts based on the Resources Report) of 1.25. These ratios are reviewed every six months on June 30 and December 31. The calculation of the abovementioned ratio will also take into account funds in pledged accounts in accordance with the cases and periods allowed under the agreement. In addition, NPO also undertook to maintain a maximum net loan to value ratio (LTV) of 60%.

  As of December 31, 2024, NPO is in compliance with the covenants.

- Hedges

  Under the Financing Agreements, NPO undertook to enter into transactions to hedge oil prices at the amount set in the agreement.

NOTE 8 - LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

A. Loans for funding the Denbury project (cont.)

- Main collateral

The financing agreement includes fixed first liens on all NPO assets, which include, among other things, its share in Denbury assets and the Neches onshore oil asset. In addition, a first-rank fixed lien can be placed on the Partnership's ownership rights in NPO and the Partnership's guarantee to secure NPO's obligations under the financing agreement.

B. Loans for funding the Shenandoah Project

On August 1, 2021, the Project Financing Agreements were signed between the partners in the Shenandoah oil asset and a consortium of local and international banks and financial institutions, to finance the share of each of the Partners in the Shenandoah oil asset in the project development costs. Under the Project Financing Agreement signed between ShenHai and the lending consortium (hereinafter - the "**Project Financing Agreement**"), ShenHai will receive loans totaling approx. USD 544 million. It is noted that after the Partnership completed a public offering of Debentures (Series C) (see Note 11B), the net proceeds of the issuance, totaling approx. USD 100 million, were advanced as a loan in favor of Navitas ShenHai Financing Ltd. (hereinafter - "**ShenHai Financing**"). ShenHai Financing is a special-purpose company (SPC), wholly-owned by the Partnership, which was incorporated in Israel and established by the Partnership to raise financial resources for ShenHai by way of joining the consortium as an additional party to the Project Financing Agreement.

In December 2024, the Lenders' approval was obtained for the Expanded Development Plan, as stated in Note 7D1 above. Concurrently with the receipt of the Lenders' approval, an increase in the existing project financing for the development of the Project was also approved totaling approx. USD 150 million (100%) (ShenHai's share is approx. USD 73.5 million) (hereinafter - the "**Financing Increase**"). Some of the existing Lenders participated in the Financing Increase and so did new international lenders, with the project financing amount of ShenHai Financing's remaining without change.
As a result, the project financing amount which ShenHai is entitled to withdraw increased to approx. USD 617 million. As part of the Financing Increase, the existing banking model was also revised, such that it also covers the total budget of the Expanded Development Plan. It is clarified that, with the exception of the revision of the banking model, the Financing Increase does not change any of the terms of the project financing.

NOTE 8 - LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Loans for funding the Shenandoah Project (cont.)

A total of approx. USD 513.6 million out of the financing amount were withdrawn until December 31, 2024, before discounting and raising costs (of which a total of approx. USD 82.7 million was advanced by ShenHai Financing). It is noted that the amount advanced by ShenHai Financing is after receipt - subsequent to the statement of financial position date, in January 2025 - a total of approx. USD 11 million from the lenders who participated in the increase in project financing as stated above, which reflects its relative share in the revised project financing. This amount is presented under the receivables and debit balances line item in the statement of financial position. As of the report approval date, approx. USD 54 million was withdrawn (of which a total of approx. USD 8.7 million were advanced by ShenHai Financing).

In March 2022, ShenHai, the Partnership, and the Technology Bank for Projectile Funding, engaged in a contingent equity support agreement, under which the Partnership undertook that if required, in the event of project budget overruns, the Partnership will provide ShenHai an amount of up to USD 40 million that will be used to cover an additional cushion for budget overruns (CERA - Contingent Equity Reserve Account) by way of a capital investment or a subordinate shareholder loan.

The loans withdrawn bear annual interest of Term SOFR, plus an adjustment to the LIBOR interest rate of 0.11% to 0.43%, and an additional margin of 3.25% to 5.25%, which is determined in accordance with a number of parameters related to the progress of the project. As from January 2024, the margin stands at 5.25%. The interest is payable in monthly installments.

The effective interest rate for the loan as of December 31, 2024 is approx. 14% (as of December 31, 2023 - approx. 11.4%).

The loan principal will be repaid in six equal semi-annual installments as from December 31, 2025 to December 31, 2027, and a final payment in August 2028. It is noted that the loans will be repaid earlier if the remaining project reserves (1P) fall below 25% of the reserves taken into consideration in the original banking model.

Under the Project Financing Agreement, ShenHai undertook various obligations, the main ones being as follows:

- Non-utilization commission - payment of a commission at the rate of 1.5% of the balance of the financing framework that was not withdrawn.
- Financial covenants: compliance with a ratio of financial debt to EBITDA that does not exceed 1 to 3.5, as well as compliance with a debt service coverage ratio (DSCR) that is not lower than 1.1.
  The first date for assessing compliance with the financial covenants is the project's commencement of commercial production.

NOTE 8 - LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Loans for funding the Shenandoah Project (cont.)

Under the Project Financing Agreement, ShenHai undertook various obligations, the main ones being as follows: (cont.)

- Executing hedging transactions for oil prices at the amounts specified in the Project Financing Agreement.
  See Note 19C(1)(c) with respect to hedges carried out during the reporting period and through the approval date of the financial statements.
- Except in exceptional cases, obligations to refrain from taking out collateral on any of its assets, from executing transactions for the sale, leasing or otherwise transferring all or part of its rights in the project and the project infrastructure or to undertake additional financial debt.

Main collateral

To secure repayment of the loan, ShenHai took out a first-rank fixed lien on its share in the project and project-related assets (including its rights in the project facilities, project agreements, insurance policies, project account, all as defined in the Project Financing Agreement). In addition, the loan is also secured by way of a lien on the shares in ShenHai.

ShenHai will be able to make a distribution as of the project completion date, subject to compliance with the terms and conditions, the main ones being: non-occurrence of any of the breach events specified in the Project Financing Agreement; expected DSCR for the coming year will not be less than 1.3; the first principal payment is according to the above amortization schedule; the debt service reserve amounts, as defined in the Project Financing Agreement, will be at least in the amount of principal and interest payments for a period of eight months.

C. Credit from a financial institution

On October 30, 2024, the Partnership and Navitas Financing US, LLC - a wholly-owned subsidiary of the Partnership, which was incorporated in Delaware, United States (hereinafter - the "**Borrower**") - entered into an agreement for the provision of a credit facility of up to USD 100 million by Trafigura Trading LLC (hereinafter - the "Closing Date", the "Agreement", "**Trafigura**" or the "**Lender**" and the "**Credit Facility**", respectively). As from the Closing Date and in accordance with the terms and conditions of the Agreement, the Borrower will be able to draw down loans from the Credit Facility from time to time (hereinafter - the "**Loans**").
The Credit Facility is available for draw downs as follows: USD 100 million for a period of 9 months from the Closing Date (through July 30, 2025), and USD 67 million for a period of between 9 to 24 months from the Closing Date (the total amount of the Credit Facility is USD 100 million).
The Loans will bear variable annual interest based on 3-month Term SOFR, plus a spread of 4.5% in the first year and 4% from the second year and through the final repayment of the Loans.

NOTE 8 - LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

C. Credit from a financial institution (cont.)

The loan principal will be repaid in equal quarterly installments as from December 31, 2026, and the final repayment date is October 30, 2029. Interest on the loans is paid quarterly as from the date on which they were advanced.

As of December 31, 2024, a USD 40 million loan was withdrawn from the credit facility (a total of approx. USD 38 million, net of discount costs). The effective interest rate for the loan as of December 31, 2024 is approx. 8.8%.

Financial covenants

Under the agreement, the Borrower undertook, among other things, that the ratio between net debt and the Partnership's consolidated EBITDA (excluding Navitas Petroleum Limited and its subsidiaries) would not exceed 3.5 (compliance with this financial covenant is required as from the earlier of: 1. The quarter ending on June 30, 2026. 2. The end of the first quarter following the date, which is six months after the start of production from the Shenandoah project (other than production for testing purposes). The net debt of the Partnership (excluding Navitas Petroleum Limited and its subsidiaries) will not exceed the product of the proved and probable reserves (based on barrels of oil equivalent per day) multiplied by USD 4.75 (as of the report date, it is approx. USD 3.2).

Additional liabilities and collateral

- The Partnership undertook that in the event of a sale of rights, which will lead to a direct or indirect holding of less than 39% in the Shenandoah project, the surplus sale proceeds will be used for early repayment of a proportionate share of the Loans.
- The Partnership undertook not to place a lien on its directly-held assets, in addition to any liens already in place on the Closing Date, except for exclusions set forth in the Agreement.
- In addition, the Partnership undertook not to place a Second Lien on its rights in the Shenandoah project without obtaining the Lender's written consent in advance (except as detailed in the Agreement).
- The only collateral, which was provided to the Lender is a guarantee of the Partnership, whereby it guarantees the fulfillment of all of the Borrower's undertakings under the Agreement, and the Loans are not backed by additional collaterals.
- The Partnership may distribute profits at any time, provided that on the distribution date and following the distribution there are no grounds for immediate repayment, and that the financial covenants are complied with even after the distribution.

As of December 31, 2024, the Borrower is in compliance with the set covenants.

NOTE 8 - LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

D. Loans for funding the Monument Project

Subsequent to the statement of financial position date, on February 20, 2025, wholly-owned subsidiaries of the Partnership, in which the Partnership has an indirect stake, and which hold the rights in the Monument Project (hereinafter – the "**Project" and** the "**Borrower**") entered into a Project Financing Agreement for the provision of a credit facility, totaling USD 150 million for the purpose of financing the Partnership's share in the Project development. The financing will be provided by a consortium of banks and local and foreign financial institutions (hereinafter - the "**Agreement**", the "**Lenders**" and the "**Credit Facility**", respectively). The loans by virtue of the Credit Facility are non-recourse loans as far as the Partnership in concerned. The Agreement came into force when it was signed, after all the conditions required for its coming into force had been completed.

The first withdrawal from the Credit Facility will be possible only after the investment of the basic equity in the project (totaling approx. USD 100 million) and the provision of a reserve for budget overruns (Contingent Equity Reserve Account (CERA)) totaling approx. USD 20 million. Furthermore, the withdrawal will be subject to additional conditions, which include, among other things, confirmation that as of the withdrawal date no deficit is expected in financial sources for the purpose of paying the Partnership's share of the Project's expected construction expenses, completion of the installation of the field production platform (FPS) in the Shenandoah project, compliance with a debt-capital ratio, which will not exceed 65:35 (this ratio should be complied with in any withdrawal prior to the development completion date), the absence of material breaches or adverse events and the validity of certain representations.

As from their provision date, the loans will bear variable annual interest based on the TERM SOFR interest rate plus a margin of: (1) 6% through the project development completion date; and (2) 4.75% as from the development completion date. The Agreement also stipulates interest on arrears due to failure to make timely payment under generally accepted terms.
On the provision date of any loan, the Borrower may set an interest period in respect thereof. The Borrower may opt for a period of one month, three months or six months (or another period at the Lenders' consent), at the end of which the interest will be paid with respect of that loan, provided that the interest period does not end after the final repayment date of the Credit Facility, as described below. If the interest period exceeds six months, the interest shall be paid every six months. On the payment date of a loan's principal and interest, the Borrower may refinance the loan principal by taking a new loan under the facility.

The Borrower will be able to withdraw loans from the Credit Facility up to one month before the final repayment date. The loan's final repayment date is the earlier of the date on which the volume of remaining reserves in the project falls below 25% of the initial volume of the reserves as stipulated in the Agreement or December 31, 2031.

NOTE 8 - LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

D. Loans for funding the Monument Project (cont.)

Subsequent to first oil from the Project, the Borrower has the right to execute early repayment of the loans, in whole or in part, on interest payment dates, without paying an early repayment fee or other payment.

Under the Project Financing Agreement, the Lender undertook various obligations, the main ones being as follows:

- Non-utilization fee - a 3% fee until the end of the availability period, paid every six months.
- Financial covenants: Compliance with a financial debt to EBITDA ratio that will not exceed 1 to 3.5 (this ratio will be reviewed every six months, on June 30 and December 31, on the earlier of the two dates that occurs at least six months after the completion date) and compliance with a projected debt service coverage ratio (DSCR) that will not fall below 1.1 (this ratio will be reviewed every six months after each loan principal reduction date).
- Executing hedging transactions for oil prices at the amounts specified in the Project Financing Agreement.
- The Borrower undertook not to place a lien on its directly-held assets, in addition to any liens already in place on the Financial Closing Date, except for exclusions set forth in the Agreement.

Main collateral

To secure repayment of the loan, the borrower took out, inter alia, a first-rank fixed lien on its share in the project and project-related assets (including its rights in the project facilities, project agreements, insurance policies, and project account, all as defined in the Agreement). In addition, the loan will also be secured by a lien on the Borrower's shares held indirectly by the Partnership and intercompany loans extended to the Borrower.

Execution of distributions by the Borrower will be possible only after the project development completion date and subject to compliance with the following conditions, among other things: (a) there is no breach event or a potential breach event of the Agreement; (b) the expected debt service coverage ratio is at least 1.3 for the current and subsequent calculation period; (c) full debt service reserve accounts as required; (d) the distribution was included in the up-to-date financing forecast and there is no shortage of sources of financing; and (e) maximum withdrawal amount is not exceeded.

E. For further details regarding the expected repayment dates of the loans, under the contractual terms in non-discounted amounts (including interest payments), see Note 19F.

NOTE 9 - TRADE PAYABLES AND OTHER PAYABLES

	December 31	
	2024	2023
	USD thousand	
Interested parties (including overriding royalties)	1,353	1,196
Liabilities to project operators	15,985	5,478
Accrued expenses and other payables	13,543	11,490
Taxes payable	2,942	-
Total	33,823	18,164

NOTE 10 - RESTRICTED AMOUNTS

		December 31	
		2024	2023
	Note	USD thousand	
Amounts raised for providing a loan for the Shenandoah project (*)	8B	13,697	54,177
Amounts for servicing loans for the financing of Denbury Project's debt (**)	8A	6,802	7,397
Cushions in favor of the trustee for the debenture holders		1,625	1,445
Total		22,124	63,019

(*) Mostly deposits with a bank and as of December 31, 2024, which bears interest at an annual average rate of approx. 4.9% (as of December 31, 2023 - approx. 5.78%).

(**) A deposit with a bank and as of December 31, 2024, which bears interest at an annual average rate of approx. 4.5% (as of December 31, 2023 - approx. 5.31%).

NOTE 11 - DEBENTURES, NET

	Original par value (NIS)	Base Linkage	Interest Nominal	Interest Effective	Carrying amount as of December 31 (*)	
					2024	2023
			%	%	USD thousand	
Debentures issued by the Partnership						
Series B (a)	700,000,000	NIS	-	-	-	192,224
Series B (b)	330,000,000	NIS	5.25	5.63	89,879	90,125
Series C (c)	155,000,000	USD	5.00	7.92	44,898	46,454
Series E (d)	500,000,000	NIS	6.50	8.49	128,593	99,205
Series F (e)	910,000,000	NIS	6.70	7.00	247,836	-
					511,206	428,008
Less current maturities (Series B)					-	(47,905)
					511,206	380,103

(*) Net of discount.

NOTE 11 - DEBENTURES, NET (cont.)

A. Debentures (Series B)

The Debentures (Series B) were not linked to any index or currency and bore an annual interest of 6.5%. The Debentures (Series B) were payable in three unequal annual installments: two payments on December 31 of each of the years 2024 and 2025, such that each of the two payments will constitute 25% of the total par value of the Debentures (Series B), and the third and final payment, to be paid on December 31, 2026, will constitute 50% of the total par value of the Debentures (Series B).

On March 21, 2024 a full early redemption was executed, at the Partnership's initiative, of the full outstanding balance of the Debentures (Series B) in circulation for approx. USD 190 million. As a result of the repayment of the Debentures (Series B), in the first quarter of 2024 the Partnership recognized a loss of approx. USD 5.2 million in respect of the early redemption, which was included under the finance expenses line item in the statement of comprehensive income.

B. Debentures (Series C)

On November 8, 2021, the Partnership completed a public offering of NIS 330,000,000 par value Debentures (Series C) of the Partnership. The Debentures (Series C) were offered by way of a tender on the annual interest rate on Debentures (Series C), with the composition of each unit being NIS 1,000 par value. The annual interest rate set in the tender is 5.25%. The immediate gross proceeds received by the Partnership as part of the public offering amounted to NIS 330,000 thousand (approx. USD 106.3 million). The total costs for the issuance amounted to approx. NIS 4,686 thousand (approx. USD 1.5 million).

The Debentures (Series C) are repayable in six unequal installments as follows: four payments, each constituting 16.67% of the total par value of the Debentures (Series C) will be paid on January 15 and July 15 of each of the years 2026 and 2027; the fifth payment - payable on January 15 2028 - shall constitute 16.67% of the total par value of the Debentures (Series C); and the sixth and last payment, to be paid on October 15, 2028 shall constitute 16.65% of total par value of the Debentures (Series C).

The interest on the outstanding balance of the principal will be paid twice a year, on January 15 in each of the years from 2022 to 2028, on July 15 in each of the years from 2022 to 2028, for the six months ended on the payment date. Payment for the last interest period will be made for the period beginning on July 15, 2028 and ending on the day before the payment date.

The Debentures are rated ilA- by Standard & Poor's Maalot.

The net proceeds of the issuance were extended as a loan in favor of ShenHai Financing Ltd., see Note 8B.

NOTE 11 - DEBENTURES, NET (cont.)

B. Debentures (Series C) (cont.)

Collateral and other liabilities

Under the deed of trust deed, the Partnership assumed the following main obligations:

- The Partnership's economic capital, as defined in the deed of trust, will fall below USD 1,100 million for two consecutive quarters.
- The net financial debt to net CAP ratio, as defined in the deed of trust, will not exceed a rate of 75% for two consecutive quarters.
- The Partnership’s equity will not fall below USD 70 million for two consecutive quarters.

As of December 31, 2024, the Partnership was in compliance with these financial covenants.

- The Partnership has undertaken to ensure that Debentures (Series C) are rated by at least one rating agency approved by the Commissioner of the Capital Markets, until the date of full, final and accurate repayment of the debt.
- The Partnership will not make any distribution that is one of the following: 1) a distribution that is contrary to the provisions of the Partnership Ordinance; 2) a distribution that will result in the Partnership’s economic capital falling below USD 1,300 million; 3) a distribution that will result in the net financial debt to net CAP ratio increasing beyond a rate of 65%; 4) a distribution that will result in the Partnership’s equity falling below USD 80 million.
- The Partnership provided a letter of guarantee in favor of the trustee for the Series C debenture holders, in order to ensure complete and accurate fulfillment of all of the Partnership’s undertakings in accordance with the deed of trust; the guarantee will be limited at any given time to the amount of the outstanding balance of the principal of the debentures plus all the amounts that ShenHai Financing received in interest payments or fees in respect of the project loan or in respect of the funds deposited in its accounts.
- To secure ShenHai Financing's guarantee, ShenHai Financing shall place a charge in favor of the trustee on all of its rights under the Project Financing Agreement (for further details regarding the Project Financing Agreement, see Note 8B above).

C. Convertible Debentures (Series D)

On November 9, 2021, the Partnership completed a public offering of NIS 155,000,000 par value Debentures (Series D) convertible into the participation units of the Partnership. The convertible Debentures (Series D) were offered by way of a tender on the unit price, with the composition of each unit being NIS 1,000 p.v. The unit price set in the tender is NIS 986 per unit. The immediate gross consideration received by the Partnership as part of the public offering amounts to approx. NIS 152,830 thousand (approx. USD 50 million). The total costs for the issuance amounted to approx. NIS 1,656 thousand (approx. USD 0.5 million).

NOTE 11 - DEBENTURES, NET (cont.)

C. Convertible Debentures (Series D) (cont.)

The outstanding principal of the Debentures (Series D) is convertible into the Partnership's participation units as from the date of their listing on the TASE and up to December 31, 2026, as detailed below: (a) Up to June 30, 2023, each NIS 23 par value of Debentures (Series D) is convertible into one participation unit of the Partnership; (b) In the period from July 1, 2023 to December 31, 2026, each NIS 27 par value of Debentures (Series D) is convertible into one participation unit of the Partnership.

The principal and interest of convertible Debentures (Series D) are linked to the representative USD exchange rate as of November 8, 2021 (NIS 3.103 per USD) and bear annual interest of 5%.

The interest on the outstanding balance of the principal will be paid twice a year, on June 30 in each of the years from 2022 to 2026 and on December 31 of each of the years 2022 to 2026, for the six months ended on the payment date.

In 2024, NIS 8,297,000 p.v. of Debentures (Series D) were converted into 307,297 participation units of the Partnership, and consequently, the equity attributable to the owners of the Partnership's participation units increased by approx. USD 2.6 million.
The par value balance of the Debentures (Series D) as of December 31, 2024 (subsequent to the said conversion), is NIS 146,703,000 p.v.

Subsequent to the statement of financial position date, NIS 2,250,000 p.v. of Debentures (Series D) were converted into 83,333 participation units of the Partnership.

The convertible Debentures (Series D) are repayable in one payment on December 31, 2026.

Other liabilities

Under the deed of trust deed, the Partnership assumed the following main obligations:

- The Partnership's economic capital, as defined in the deed of trust, will fall below USD 1,100 million for two consecutive quarters.
- The net financial debt to net CAP ratio, as defined in the deed of trust, will not exceed a rate of 75% for two consecutive quarters.
- The Partnership's equity will not fall below USD 70 million for two consecutive quarters.
- The amount of the Partnership's restricted debts (on a standalone basis) will not exceed 35% of the total assets of the Partnership

As of December 31, 2024, the Partnership was in compliance with these financial covenants.

NOTE 11 - DEBENTURES, NET (cont.)

C. Convertible Debentures (Series D) (cont.)

- The Partnership will not make any distribution that is one of the following: 1) a distribution that is contrary to the provisions of the Partnership Ordinance; 2) a distribution that will result in the Partnership's economic capital falling below USD 1,300 million; 3) a distribution that will result in the net financial debt to net CAP ratio increasing beyond a rate of 65%; 4) a distribution that will result in the Partnership's equity falling below USD 80 million.

D. Debentures (Series E)

On July 13, 2023, the Partnership completed a public offering of NIS 395,000,000 p.v. Debentures (Series E) of the Partnership. The Debentures (Series E) were offered by way of a tender on the price of Debentures (Series E) units, with the composition of each unit being NIS 1,000 p.v. The unit price set in the tender is NIS 918 per unit. The debentures' annual interest rate is 6.5%. The immediate gross proceeds received by the Partnership as part of the public offering amounted to NIS 362,610 thousand (approx. USD 100 million). Among other things, the offering proceeds were used to repay a bank loan taken by the Partnership. The debentures are not linked to the CPI or any currency.
Issuance expenses amounted to approx. NIS 1.7 million. The effective interest rate in the said issuance is 9.2%.

On January 10, 2024, the Partnership issued NIS 105,000,000 p.v. in Debentures (Series B) by way of series expansion, as part of a private placement, at a price of NIS 0.971 agorot per each NIS 1 p.v. of Debentures (Series B); the overall issuance proceeds amounted to NIS 101,955 thousand (approx. USD 27.4 million), and the issuance expenses amounted to approx. USD 138 thousand. The effective interest rate in the said series expansion is approx. 7.64%.

The Debentures (Series E) of NIS 1 p.v. each, are payable in three unequal annual installments, as follows: two payments on December 31 of each of the years 2026 and 2027, such that each of the two payments will constitute 25% of the total par value of the Debentures (Series E), and the third and final payment, to be paid on December 31, 2028, will constitute 50% of the total par value of the Debentures (Series E).
The interest on the outstanding balance of the debentures' principal will be paid in semi-annual installments, on June 30 and December 31 of each of the years from 2024 to 2028.

The Debentures are rated ilA- by Standard & Poor's Maalot.

Collateral and other liabilities

The Debentures (Series E) are secured by a second-degree collateral, placed on the Partnership's rights in the oil assets of Buckskin North, Denbury, and Neches.

NOTE 11 - DEBENTURES, NET (cont.)

D. Debentures (Series E) (cont.)

Under the deed of trust deed, the Partnership assumed the following main obligations:

- The Partnership's economic capital, as defined in the deed of trust, will fall below USD 1,100 million for two consecutive quarters.
- The net financial debt to net cap ratio, as defined in the deed of trust, will not exceed a rate of 70% for two consecutive quarters.
- The Partnership’s equity will not fall below USD 130 million for two consecutive quarters.
- The loan-to-value ratio, as defined in the deed of trust, will not exceed 75% for two consecutive quarters.

As of December 31, 2024, the Partnership was in compliance with these financial covenants.

- The Partnership undertook not to pledge all of its existing or future assets and property (held directly) in a general floating charge, without the prior consent of the general meeting of holders of Debentures (Series E) by special resolution.
- The Partnership has undertaken to ensure that Debentures (Series E) are rated by at least one rating agency approved by the Commissioner of the Capital Markets, until the date of full, final and accurate repayment of the debt.
- The Partnership will not make any distribution that is one of the following: 1) a distribution that is contrary to the provisions of the Partnership Ordinance; 2) a distribution that will result in the Partnership’s economic capital falling below USD 1,300 million; 3) a distribution that will result in the net financial debt to net cap ratio increasing beyond a rate of 65%; 4) a distribution that will result in the Partnership’s equity capital (excluding non-controlling interests) falling below USD 170 million; 5) on the date on which the Board of Directors passes the distribution decision there are warnings signs as defined in Section 10(b)(14(a) to the Securities Regulations (Periodic and Immediate Reports), 1970.

E. Debentures (Series F)

On March 10, 2024, the Partnership completed a public offering of NIS 910,000,000 p.v. Debentures (Series F) of the Partnership. The Debentures (Series F) were offered by way of non-uniform offering to institutional investors. The offering was made as follows: 910,000 debt units (Series F), with each unit comprising NIS 1,000 p.v. of Debentures (Series F) at a uniform unit price of NIS 1,000. The debentures’ annual interest rate is 6.7%. The immediate gross proceeds received by the Partnership as part of the public offering amounted to NIS 910,000 thousand (approx. USD 252 million). The proceeds of the issuance were used, among other things, to repay Debentures (Series B) of the Partnership (for further details see Note 11A above). The debentures are not linked to the CPI or any currency.

NOTE 11 - DEBENTURES, NET (cont.)

E. Debentures (Series F) (cont.)

Issuance expenses amounted to approx. USD 2 million. The effective interest rate in the said issuance is approx. 7.0%.

The Debentures (Series F), of NIS 1 p.v. each, are repayable in three unequal annual installments, as follows: two payments on September 30 of each of the years 2028 and 2027, such that each of the two payments will constitute 25% of the total par value of the Debentures (Series F), and the third and final payment, to be paid on September 30, 2029, will constitute 50% of the total par value of the Debentures (Series F).
The interest on the outstanding balance of the debentures' principal will be paid in semi-annual installments, on March 31 and September 30 of each of the years from 2025 to 2029, except for payments in respect of the first interest period. Payment for the first interest period was made on September 30, 2024 for the period beginning on March 12, 2024 and ending on September 29, 2024.

The Debentures are rated ilA- by Standard & Poor's Maalot.

Collateral and other liabilities
The Debentures (Series F) are secured by a lien on the Partnership's interests in the Buckskin oil asset and the project accounts under the lien agreement.

Under the deed of trust deed, the Partnership assumed the following main obligations:

- The Partnership's economic capital, as defined in the deed of trust, will not fall below USD 1,400 million for two consecutive quarters.
- The net financial debt to net cap ratio, as defined in the deed of trust, will not exceed a rate of 70% for two consecutive quarters.
- The Partnership's equity capital as per the financial statements (excluding non-controlling interests) will not fall below USD 140 million for two consecutive quarters.
- The loan to value ratio, as defined in the deed of trust, will not exceed 73% for two consecutive quarters.

As of December 31, 2024, the Partnership was in compliance with these financial covenants.

- The Partnership undertook not to pledge all of its existing or future assets and property (held directly) in a general floating charge, without the prior consent of the general meeting of holders of Debentures (Series F) by special resolution.
- The Partnership has undertaken, as far as it is under its control, to ensure that Debentures (Series F) are rated by at least one rating agency approved by the Commissioner of the Capital Market, until the date of full, final and accurate repayment of the debt.

NOTE 11 - DEBENTURES, NET (cont.)

E. Debentures (Series F) (cont.)

- The Partnership will not make any distribution that is one of the following: 1) a distribution that is contrary to the provisions of the Partnership Ordinance; 2) a distribution that will result in the Partnership's economic capital falling below USD 1,600 million; 3) a distribution that will result in the net financial debt to net cap ratio increasing beyond a rate of 63%; 4) a distribution that will result in the Partnership's equity capital (excluding non-controlling interests) falling below USD 185 million; 5) on the date on which the Board of Directors passes the distribution decision there are warnings signs as defined in Section 10(b)(14)(a) to the Securities Regulations (Periodic and Immediate Reports), 1970.

F. Debentures (Series G)

Subsequent to the statement of financial position date, on January 13, 2025, the Partnership completed a public offering of NIS 400,000,000 p.v. in Debentures (Series G) of the Partnership. The Debentures (Series G) were offered by way of a tender on the annual interest rate on Debentures (Series G), with the composition of each unit being NIS 1,000 par value. The annual interest rate set in the tender is 6%. The offering was made as follows: 400,000 debt units (Series G), with each unit comprising NIS 1,000 p.v. of Debentures (Series G) at a uniform unit price of NIS 1,000. The immediate gross proceeds received by the Partnership as part of the public offering amounted to NIS 400 million (approx. USD 109 million). The debentures are not linked to the CPI or any currency.

Issuance expenses amounted to approx. USD 1 million. The effective interest rate in the said issuance is approx. 6.3%.

The Debentures (Series G), of NIS 1 p.v. each, are repayable in two unequal annual installments, to be paid on June 30 of each of the years 2030 and 2029.
The interest on the outstanding balance of the debentures' principal shall be paid in semi-annual installments on December 31, 2025 and on June 30 and December 31 of each of the years 2026 through 2029, except for payment in respect of the first interest period payable on June 30, 2025 in respect of the period beginning on January 14, 2025 and ending on June 29, 2025 and for payment of the last interest payment on June 30, 2030.

The Debentures are rated ilBBB+ by Standard & Poor's Maalot.

Collateral and other liabilities

The Debentures are not secured by any collateral or lien.

Under the deed of trust deed, the Partnership assumed the following main obligations:

- The Partnership's economic capital, as defined in the deed of trust, will not fall below USD 1,400 million for two consecutive quarters.

NOTE 11 - DEBENTURES, NET (cont.)

F. Debentures (Series G) (cont.)

Collateral and other liabilities (cont.)

- The net financial debt to net cap ratio, as defined in the deed of trust, will not exceed a rate of 70% for two consecutive quarters.
- The Partnership's equity capital as per the financial statements (excluding non-controlling interests) will not fall below USD 160 million for two consecutive quarters.
- The Partnership undertook not to pledge all of its existing or future assets and property (held directly) in a general floating charge, without the prior consent of the general meeting of holders of Debentures (Series G) by special resolution.
- The Partnership has undertaken, as far as it is under its control, to ensure that Debentures (Series G) are rated by at least one rating agency approved by the Commissioner of the Capital Market, until the date of full, final and accurate repayment of the debt.
- The Partnership will not make any distribution that is one of the following: 1) a distribution that is contrary to the provisions of the Partnership Ordinance; 2) a distribution that will result in the Partnership's economic capital falling below USD 1,600 million; 3) a distribution that will result in the net financial debt to net cap ratio increasing beyond a rate of 63%; 4) a distribution that will result in the Partnership's equity capital (excluding non-controlling interests) falling below USD 200 million; 5) on the date on which the Board of Directors passes the distribution decision there are warnings signs as defined in Section 10(b)(14)(a) to the Securities Regulations (Periodic and Immediate Reports), 1970.

G. The terms and conditions of the debentures set a "cross-default" event, whereby if a (non-recourse) loan of over NIS 50 million (relevant to Debentures (Series C, D, E and F) and over USD 25 million (Debentures (Series G)) will be put up for immediate repayment, or if a series of debentures will be put up for immediate repayment, the remaining holders of the above debentures will have grounds for immediate repayment in respect of the debentures they hold.

H. For further details regarding the expected repayment dates of the debentures issued by the Partnership, under the contractual terms in non-discounted amounts (including interest payments), see Note 19F.

NOTE 12 - AGREEMENTS, LIENS, AND OTHER LIABILITIES

A. Issuance of preferred shares by a subsidiary

On August 12, 2021, an agreement was signed with an Israeli institutional entity (hereinafter - the "**Investor**"), to invest in preferred shares available for early redemption in Navitas Holdings totaling USD 45 million.
In accordance with the agreement that was signed, the allotment of the preferred shares (as defined below) was carried out in two stages:

1) At the time of signing the agreement, the investor transferred to Navitas Holdings a total of approx. USD 30 million in exchange for the allotment of the preferred shares;

2) On November 16, 2021, after compliance with several of the conditions, including the provision of the capital required to finance the Shenandoah Project, completion of a financial closing for the Project and maintaining the holding of Navitas Holdings (through ShenHai) of no less than 49% of the rights in the Project, the investor transferred an additional amount of USD 15 million against the allotment of additional Preferred Shares.

The proceeds from the foregoing issues, were assigned and included under non-controlling interests.

The preferred shares have been allotted to the Investor in a number of redeemable series, without voting rights, and will accrue preferred dividend of 19% per annum.

The preferred dividend will be paid on the dates on which Navitas Holdings distributes dividends to its shareholders, at its sole discretion, in which case the payments will be made as agreed.

The accrued preferred dividend is included in the profit attributable to holders of non-controlling interests in the consolidated statements of comprehensive income.

The preferred shares will be redeemable by Navitas Holdings, as of July 1, 2025, over subsequent periods at the dates set for each series. After these dates, Navitas Holdings may redeem the preferred shares, at its sole discretion, subject to the Investor's IRR for each redeemed series reflecting 19% per annum for a minimum period of 5 years.

The decisions of Navitas Holdings on a limited number of issues will require the Investor’s approval, including:
- Voluntary liquidation;
- Transactions with related parties;
- Amendments to the shareholders' agreement of Navitas Holdings which infringe on the Investor’s rights;
- Deviation from leverage ratios set at the Navitas Holdings level;
- Allocation of new shares in Navitas Holdings with preferred rights to the preferred shares;

NOTE 12 - AGREEMENTS, LIENS, AND OTHER LIABILITIES (cont.)

A. Issuance of preferred shares by a subsidiary (cont.)

The Investor will not be entitled to demand repayment of the preferred shares, except under special circumstances, inter alia, in the event of liquidation or a public offering of Navitas Holdings.

The total proceeds of the offering were used for depositing a portion of the total capital required for the development budget of the Shenandoah oil asset in a dedicated account in favor of the project operator.

B. Acquisition transaction - the Sea-Lion discovery

The Sea-Lion oil asset is located in the Southwest Atlantic Ocean, approx. 220 km north of the Falkland Islands and includes several leases. The oil asset was discovered by Rockhopper Exploration plc (hereinafter - "**Rockhopper**" or "RKH" in 2010. In 2012, Premier Oil (hereinafter - "**Premier**") acquired 60% of the rights in the oil asset from Rockhopper and was appointed operator. Since the discovery drillings, several more appraisal and confirmation wells have been made in the oil asset (a total of 20 drillings), with a total investment of approx. USD 1.3 billion.

On April 15, 2022, binding transaction agreements were signed with Premier and Rockhopper to acquire 65% of the rights to the oil asset and to appoint the Partnership as the operator. On September 22, 2022, the transaction was completed as follows:

- An agreement was signed to purchase all shares of Navitas Petroleum Development and Production Ltd. (hereinafter - the "**Agreement**" and "**NPDP**", respectively) (formerly - "Premier Oil Exploration and Production Limited") between Navitas Petroleum Limited, a wholly-owned English subsidiary of the Partnership (hereinafter - "**Navitas England**") and Harbour Energy plc (hereinafter - "**HBR**" or the "**Seller**") which held the entire share capital of NPDP. Upon completion of the transaction, Navitas UK became the project operator (through NPDP).
- The agreement also stipulates that the Partnership will enter into the shoes of HBR in terms of the ownership (through NPDP) of the temporary dock facility (hereinafter - the "**Temporary Dock Facility**"), that was built as part of the drilling activities previously carried out in the Oil Asset (hereinafter - the "**Temporary Dock**"), including liabilities related to its maintenance and future dismantling. The Temporary Dock may be used in the development of the Project and Navitas UK provided the Falkland Islands Government a company guarantee to secure the abovementioned liabilities.
- As part of the terms of the Agreement, Navitas UK received approx. USD 6 million from the Seller on the Transaction Completion Date.
- The acquired company, NPDP, has past investments in the Oil Asset for tax purposes in the total amount of approx. USD 700 million, that can be utilized in the future against a taxable income from the Oil Asset. In the financial statements, no deferred tax assets were credited in respect of these losses.
- The Partnership and HBR will provide a company guarantee to each other to ensure fulfillment of the related parties' obligations under the NPDP share purchase agreement.

NOTE 12 - AGREEMENTS, LIENS, AND OTHER LIABILITIES (cont.)

B. Acquisition transaction - the Sea-Lion discovery (cont.)

The Farm Out agreement (hereinafter - the "**FOA**")

- An agreement between companies owned by RKH and Navitas UK, to transfer - to PMO - parts of the rights to the Oil Asset's leases owned by RKH (held through a subsidiary) on the Transaction Completion Date, such that immediately after completing the Transaction, Navitas holds 100% of NPDP's shares, and NPDP holds 65% of the oil asset and has been appointed the Project's operator.
- The agreement further stipulates that if NPDP does not reach a final investment decision (hereinafter - "**FID**") to develop the Project within 5 years from the Transaction Completion Date (with an option for an 18-month extension, depending on the conditions stated in the agreement), RKH will be entitled to receive Navitas UK's participation rights in the Project, on the condition that all loans extended to it by that date by the Partnership are repaid.
- On the Transaction Completion Date, the Oil Asset Leases holders signed a joint operating agreement (hereinafter - "**JOA**").
- The Partnership and RKH will provide a company guarantee to each other to ensure fulfillment of the related parties' obligations under the FOA and the Agreement for the loans (as the term is defined below).

The Loans Agreement

- As part of the Rockhopper Transaction's terms, Navitas UK has undertaken that as part of the financing of Phase A of the Sea-Lion discovery, NPDP (or the Partnership or another company owned by the Partnership) will extend loans to RKH (through subsidiaries through which RKH holds the leases), the key terms of which (hereinafter - the "**Loans Agreement**") are as follows:

  1. "Pre-FID" loan - a USD-denominated loan, which will bear annual interest of 8%, for RKH's share in all costs of Phase A of the Sea-Lion discovery from the moment the Transaction is completed until a Final Investment Decision (FID) is made for the development of Phase A of the Sea-Lion discovery (hereinafter and above: "**FID**").

  2. The "Post-FID" Loan – a USD-denominated zero-interest loan for 2/3 of RKH's share of the capital required to develop the Sea-Lion discovery from the FID date to the earliest of: (a) 12 months of the start of production (as defined in the agreement); (b) the completion of the development of the Sea-Lion discovery, as defined in future Financing Agreements; (c) the agreement's termination.

- RKH's voting rights over operations pertaining to Phase A of the development of the Sea-Lion discovery will be fully assigned to Navitas UK by the FID, and at the rate of 2/3 after the FID, until the entire loan is repaid or until the loan agreement is terminated, except regarding the issues excluded specifically.
- Both loans shall be repaid from 85% of RKH's free cash flow from Phase A of the development of the Sea-Lion discovery. Moreover, RKH will be limited in its ability to raise capital for objectives that do not serve development of the Oil Asset and/or that impede its financial capability.

NOTE 12 - AGREEMENTS, LIENS, AND OTHER LIABILITIES (cont.)

B. Acquisition transaction - the Sea-Lion discovery (cont.)

Collateral in connection with the loans:

1. Pre-FID – a second lien on RKH's rights in the relevant Oil Asset, after the lien to the benefit of the Falkland Islands Government.
2. Post-FID – a second lien on RKH's rights in Phase A of the development of the Sea-Lion discovery, after the lien made to the project's lenders.
3. A first-degree lien in favor of Navitas UK on RKH's available cash flow from the development of Phase A of the Sea-Lion discovery.

As part of the completion of the transaction, the license period was extended by two additional years, until November 2024.

In October 2024, the Falkland Islands Government approved the extension of the term of the Oil Asset Leases until December 31, 2026.

C. The Monument Transaction

1. Purchase of rights in the Monument Project

An offshore asset in the Gulf of America, approx. 400 miles southwest of New Orleans, Louisiana, USA, at a water depth of approx. 1,930 meters. In February 2023, Beacon Offshore Energy Exploration LLC (hereinafter - "**Beacon**") acquired from Equinor Gulf of Mexico LLC all of its rights in the Monument Oil Asset (hereinafter - "**Equinor**" and the "**Beacon and Equinor Agreement**"), which constitutes 50% of the rights in the Oil Asset, and an affiliate of Beacon was appointed as the Oil Asset operator (hereinafter - "**Monument's Operator**").

The Partnership, through Navitas Monument, and Beacon entered into an agreement for the purchase of 40% of Beacon's rights in the Oil Asset, such that after the completion of the transaction, Beacon will hold 30% and Navitas Monument 20% of the rights in the Oil Asset (hereinafter - the "**Acquired Rights**" and the "**Acquisition Agreement**", respectively).

The Acquisition Agreement stipulates that the acquisition will become effective on January 1, 2023 (hereinafter - the "**Acquisition Effective Date**"), and accordingly, after the finalization of the transaction, Navitas Monument will assume all liabilities relating to the Acquired Rights created as from the Acquisition Effective Date. It should be clarified that Navitas Monument will not cover any liability prior to the Acquisition Effective Date.

On the date of signing of the Acquisition Agreement and finalization of the Acquisition Transaction, no consideration was paid to Beacon in respect of the purchase of the Acquired Rights. The future amounts that Navitas Monument undertook to pay under the Acquisition Transaction as detailed below, are amounts determined according to Navitas Monument's relative share (40%) of Beacon's undertakings under the Beacon-Equinor Agreement. Beacon will transfer back-to-back to Equinor the future consideration to be paid by Navitas Monument in respect of the Acquired Rights.

NOTE 12 - AGREEMENTS, LIENS, AND OTHER LIABILITIES (cont.)

C. The Monument Transaction (cont.)

1. Purchase of rights in the Monument Project

- FID payment - Navitas Monument paid a total of USD 2 million on the date of the final investment decision (FID) in the Monument Project.
- First oil payment - Navitas Monument will pay Beacon USD 10 million on the date on which commercial production from the Monument Project commences.

For details regarding the increase in the holdings in Monument at a rate of 8.57%, see Note 7D(4).

2. Binding agreement for the provision of production and handling services

On July 15, 2023, the Partnership - together with the other Shenandoah partners - engaged (through ShenHai) in a binding agreement for the provision of production and handling services in respect of the oil and natural gas that will be produced from Monument; those services are to be provided through the floating production system (hereinafter - "**FPS**") of the Shenandoah project (hereinafter - the "**Production and Handling Services**") at a scope of approx. 20,000 barrels per day.
The Production and Handling Services will be provided over the life of the oil asset, for the consideration and under the terms detailed below.
For the purpose of providing the production and handling services, additional equipment and adjustments to Shenandoah's FPS will be required (hereinafter - the "**Upgrade Works**"), which will increase the total planned production and handling capacity from approx. 100,000 barrels of oil per day to approx. 120,000 barrels per day. The Monument Partners shall bear all the costs of the Upgrade Works. As of December 31, 2024, the long-term liabilities include a total of approx. USD 1.5 million, which represents an advance received from the other Monument partners to Shenhai for the provision of the abovementioned services.

The Upgrade Works will be carried out as part of the FPS construction process, which ended as stated in Note 7D1b above, and did not cause delays in the schedules for the completion of the construction and installation of the FPS in the Shenandoah project. It shall be clarified that the Upgrade Works shall not generate any additional liabilities and costs for the Shenandoah partners beyond the costs budgeted for the FPS for the Shenandoah project. All other facilities to be installed on the FPS as part of the Upgrade Works will be wholly owned by the Shenandoah partners.

The Monument Partners shall pay the Shenandoah partners a one-off payment for the Production and Handling Services, as well as a monthly amount that will be set in accordance with the oil and natural gas quantities that will be piped in effect from the Monument Project to be handled in the FPS, and contingent upon a minimum monthly amount. In addition, the Monument Partners shall bear their pro-rata share in the monthly expenses of the FPS activation.

NOTE 12 - AGREEMENTS, LIENS, AND OTHER LIABILITIES (cont.)

D. As of December 31, 2024, the Group has guarantees totaling approx. 4,908 thousand to insurance companies in the United States to secure the Group's obligations to provide equivalent guarantees by the insurance company in favor of the local authorities in the United States and providers of oil and gas treatment and transmission infrastructure (as of December 31, 2023, the Partnership's guarantees amounted to USD 4,908 thousand).

E. With regard to the provision of guarantees by the Partnership to secure the undertakings of subsidiaries under the financing agreements, see Note 8A and Note 8C above.

F. With regard to the lien on the rights in the Group's oil and gas assets, see Notes 8 and 11.

NOTE 13 - THE PARTNERSHIP'S EQUITY

A. Composition of capital

	Issued and paid up	
	2024	2023
	No. of participation units	
Participation units (without par value)	100,546,588	94,273,113

Under the Partnership agreement, the share of the General Partner in the Partnership's capital will be 0.2% and the share of all the limited partners will be 99.8%. Accordingly, the General Partner is entitled to 0.2% of the rights in the Partnership.

B. Movement in issued participation units

	Note	No. of participation units
Balance as of January 1, 2023		93,783,602
Vesting of RSUs into participation units	13E	489,511
Balance as of December 31, 2023		94,273,113
Vesting of RSUs into participation units	13E	400,994
Exercise of employee options for participation units under the 2018 plan.	13D	9,684
Conversion of debentures into participation units	13F	307,297
Issuance of participation units to the public	13C	5,555,500
Balance as of December 31, 2024		100,546,588

NOTE 13 - THE PARTNERSHIP'S EQUITY (cont.)

C. On March 12, 2024, the Partnership completed the issuance of 55,555 bundles at NIS 4,500 per unit, with each unit composed of 100 participation units and 33 Options (Series 5), which are exercisable into participation units. As part of the issuance, 5,555,500 participation units and 1,833,315 Options (Series 5) were issued. The immediate gross proceeds (without the option exercise assumption) received by the Partnership as part of the public offering amounted to NIS 250 million (approx. USD 68.3 million). The total costs for the issuance amounted to approx. USD 2.4 million.
Each Option (Series 5) is exercisable into one participation unit for an exercise price of NIS 45.20 per participation unit, linked to the USD exchange rate as of March 11, 2024 (NIS 3.608 per USD 1), on each trading day as from the date of their listing on the TASE, until March 31, 2025.

The Partnership allocated the proceeds of the issuance between the participation units and the option at their fair value on the first trading day on the TASE.

Subsequent to the statement of financial position date, and through the financial statements approval date, 273,280 Options (Series 5) were exercised into 273,280 participation units for a total of approx. USD 3.4 million.
The total number of Options (Series 5) as of the approval date of the financial statements is 1,560,035.

D. In 2024, 9,684 non-marketable options, which were awarded to employees, were exercised into 9,684 participation units of the Partnership in consideration for approx. USD 35 thousand.

As of December 31, 2024, the Partnership has 2,295,076 options.

Subsequent to the statement of financial position date, in January 2025, 175,029 non-marketable options awarded to a former officer were exercised to 175,029 participation units of the Partnership for approx. USD 1,148 thousand.

The total number of non-marketable options as of the approval date of the financial statements is 2,120,047.

E. In 2023, 489,511 RSUs vested into 489,511 participation units of the Partnership, and in 2024, 400,994 RSUs vested into 400,994 participation units of the Partnership, after the offerees had met the vesting conditions set out in the Plan (for further details see Note 14).

As of December 31, 2024, the Partnership has 1,127,113 RSUs.

Subsequent to the date of the statement of financial position, 120,958 RSUs vested into 120,958 participation units.
The total number of RSUs as of the financial statements approval date is 1,006,155.

F. In 2024, NIS 8,297,000 p.v. of Debentures (Series D) were converted into 307,297 participation units of the Partnership.

NOTE 13 - THE PARTNERSHIP'S EQUITY (cont.)

F. (cont.)

As of December 31, 2024, the balance of the principal of Debentures (Series D) (after the said conversions) convertible into the Partnership's participation units, amounts to NIS 146,703,000 par value.

Subsequent to the statement of financial position date, NIS 2,250,000 p.v. of Debentures (Series D) were converted into 83,333 participation units of the Partnership.

For further details regarding the Debentures (Series D) of the Partnership, see Note 11C above.

G. The balance of participation units as of the approval date of the financial statements, after the abovementioned conversions, the exercise of the options and the vesting of RSUs, is 101,199,188.

H. For further details regarding the RSUs, employee and officer options and officers' options on behalf of the General Partner, see Note 14.

I. Dormant participation units in equity

	December 31	
	2024	2023
	No. of participation units	
Participation units held by the Partnership *)	117,372	117,372

*) Under the terms of the plan, restricted participation units for the Partnership's employees.

NOTE 14 - SHARE-BASED PAYMENTS (PARTICIPATION UNITS)

The plan	Instruments allotted	Quantity allotted	Award date	Balance as of December 31, 2024	Fair value of the security at the grant date	Further details
					USD	
2018 plan	Options	68,210	2018-2019	19,580	1.69-2.28	(b)
2018 plan	RSUs	1,273,673	2021-2022	509,925	4.79-5.35	(b)
2018 plan	Options	2,450,524	2022-2023	2,275,496	2-2.3	Note 18C(2)
2018 plan	RSUs	409,040	2023	383,690	4.19-5.8	(b)
2018 plan	RSUs	233,498	2024	233,498	6.5-10.7	(b)
Total		4,434,945		3,422,189		

NOTE 14 - SHARE-BASED PAYMENTS (PARTICIPATION UNITS) (cont.)

A. 2018 plan

On July 18, 2018, the general meeting of the holders of the Partnerships participation units approved, for the first time, an outline for a private placement to officers, employees, and service providers in the Partnership or a subsidiary, who are not controlling shareholders in the General Partner and the Partnership. On the basis of the outline, the board of directors of the General Partner adopted an equity compensation plan (hereinafter - the “**Plan**").

- Options

Non-marketable options exercisable for one participation unit of the Partnership. The options will vest in three tranches over the employment period of the offeree (18-42 months from the effective date).

The exercise price is based on a weighted average of the closing prices of the participation units in the Partnership, in the 30 trading days preceding the effective date plus a premium of 10%-30%, according to the vesting period of each tranche.

The options will be exercisable for up to two years from their vesting date against a cash payment of the exercise price or according to a net exercise mechanism, as elected by the offeree.

- RSUs

Non-marketable RSUs, each conferring the right to one participation unit of the Partnership without consideration.

The RSUs will vest in three tranches once two cumulative conditions have been fulfilled: (a) the duration of the offeree’s employment period (18-42 months from the effective date); (b) compliance with a target price of the participation unit on the stock exchange - based on a weighted average of the closing prices of the participation units, in the 30 trading days preceding the effective date plus a 10% - 30% premium).

The duration of the RSUs will be up to two years from the minimum employment period set for each tranche. If the terms and conditions are not fulfilled by the date set for each tranche, the RSUs for that tranche will expire without consideration.

B. Allotments in 2022

On January 30 2022, the board of directors of the General Partner of the Partnership approved the award of 393,000 RSUs to an officer and a number of employees of the Partnership. The fair value of the allotted equity instruments was estimated at approx. USD 1.9 million at the allotment date.

NOTE 14 - SHARE-BASED PAYMENTS (PARTICIPATION UNITS) (cont.)

B. Allotments in 2022 (cont.)

On March 17, 2022, the board of directors of the General Partner of the Partnership allotted 306,385 RSUs to officers of the Partnership and non-executive employees of the Partnership and its wholly owned subsidiaries. The fair value of the allotted equity instruments was estimated at approx. USD 1.6 million at the allotment date.

On November 14, 2022, the General Meeting approved a private placement of 2,450,524 non-marketable options to then-officers on behalf of the General Partner. The fair value of the allotted equity instruments was estimated at approx. USD 5.1 million at the allotment date.

On November 23, 2022, the Board of Directors approved a private placement of 135,000 RSUs to several non-executive employees in the Partnership. The fair value of the allotted equity instruments was estimated at approx. USD 0.6 million at the allotment date.

C. Allotments in 2023

On April 9, 2023, the Partnership allotted 105,000 RSUs under a private placement to an officer on behalf of the General Partner, further to approval by the general meeting on March 23, 2023. The fair value of the allotted equity instruments was estimated at approx. USD 448 thousand at the allotment date.

On April 20, 2023, the Partnership allocated - as part of a private placement - 105,740 RSUs to non-executive employees. The fair value of the allotted equity instruments was estimated at approx. USD 408 thousand at the allotment date.

On August 31, 2023, the Partnership allocated - as part of a private placement - 198,300 RSUs to an officer and to non-executive employees. The fair value of the allotted equity instruments was estimated at approx. USD 1.1 million at the allotment date.

D. Allotments in 2024

In February 2024, the directors of the General Partner of the Partnership were granted 32,700 RSUs, in accordance with the approval of the general meeting of February 6, 2024. The fair value of the allotted equity instruments was estimated at approx. USD 232 thousand at the allotment date.

On March 31, 2024, the Partnership allocated 200,798 RSUs under a private placement to non-executive and executive employees of the Partnership and its wholly owned subsidiaries. The fair value of the allotted equity instruments was estimated at approx. USD 2,164 thousand at the allotment date.

NOTE 14 - SHARE-BASED PAYMENTS (PARTICIPATION UNITS) (cont.)

E. Expiration of RSUs

In 2022, 153,000 RSUs granted to an officer and employees whose employment was terminated before fulfilling the conditions for vesting, expired.

During 2023, 79,020 RSUs expired, and were awarded to offerees whose employment ended, expired.

F. Exercise of non-marketable options

In 2024, 175,028 non-marketable options which were awarded to an officer whose employment was terminated prior to the fulfillment of their vesting conditions expired. For details regarding non-marketable options exercised subsequent to the statement of financial position date, see Note 13D above.

G. For details regarding the vesting of RSUs and exercise of options awarded to officers and employees, see Notes 13D and 13E above.

H. Expense recognized in the financial statements

In 2024, the Partnership recognized expenses for share-based payment plans in the amount of approx. USD 3,915 thousand (2023: approx. USD 4,169 thousand, 2022: approx. USD 2,855 thousand). In addition, in 2023, the Partnership capitalized an amount of approx. USD 240 thousand.

NOTE 15 - ADDITIONAL ITEMS IN PROFIT OR LOSS

A. Revenue from oil and gas sales, net of royalties

	For the year ended December 31		
	2024	2023	2022
	USD thousand		
Revenue from oil and gas sales	98,291	118,495	153,634
Royalties	(20,252)	(24,704)	(34,315)
Total	78,039	93,791	119,319

B. Cost of oil and gas production

	For the year ended December 31		
	2024	2023	2022
	USD thousand		
Operating costs	22,496	24,355	24,238
Transmission	3,483	3,854	3,431
Local taxes	2,541	2,458	4,299
Insurance	91	205	447
Total	28,611	30,872	32,415

C. General and administrative expenses

	For the year ended December 31		
	2024	2023	2022
	USD thousand		
Salaries and related expenses	7,307	6,889	5,884
Management fees, salaries and benefits for interested parties (see Note 18C)	2,451	3,186	1,894
Professional services	2,727	1,926	2,170
Travel abroad	293	154	207
Depreciation expenses	645	518	561
Office and other maintenance	2,446	2,007	2,215
Total	15,869	14,680	12,931

NOTE 16 - FINANCE INCOME, NET

A. Finance income

	Note	For the year ended December 31 2024	2023	2022
		USD thousand		
Interest income from deposits		9,220	8,306	2,769
Others		539	-	-
		9,759	8,306	2,769
Capitalization of borrowing costs for qualifying assets		(1,902)	(4,257)	(1,099)
Total finance income		7,857	4,049	1,670

B. Finance expenses

	Note	2024	2023	2022
Interest expenses for debentures	11	36,252	25,508	20,851
Finance expenses for loans from banking corporations and financial institutions	8	45,524	23,152	8,310
Finance expenses for financial derivatives, net		4,614	2,648	5,201
Loss on early repayment	11A	5,219	779	-
Others		1,670	1,848	3,542
		93,279	53,935	37,904
Capitalization of borrowing costs for qualifying assets		(81,403)	(49,144)	(16,578)
Total finance expenses		11,876	4,791	21,326

NOTE 17 - TAXES ON INCOME

A. Taxation in Israel

1. Details regarding income tax regulations and the main arrangements

On January 1, 2017, the Income Tax Ordinance (Types of Partnerships to be Regarded as a Company), 2017, was published in the Official Gazette ("the Ordinance"), setting out conditions that the Partnership is required to meet to be considered a company for tax purposes. On registration of the participation units on the TASE, the Partnership meets the conditions set out in the Ordinance, therefore the tax regime applicable to the Partnership after the issuance and listing of the participation units is the same as if it were a company for all intents and purposes. Accordingly, the Partnership's expenses and income will be ascertained in the Partnership, and the Partnership will report its taxable income and bear corporate tax for its taxable income, as if it were a company, according to the tax rates applicable to a company.

The provisions of the Income Tax Regulations (Rules for Calculation of Tax on the Holding and Sale of Participation Units in an Oil Exploration Partnership), 1988 (hereinafter - the "**Regulations**"), which regulate the attribution of the income and expenses of a listed partnership to holders of participation units that are "eligible holders", will not apply to the Partnership.

2. Applicable tax rate for Group companies in Israel

The rate of corporate tax in Israel in 2022-2024 is 23%.

3. Taxes on income from dividends from subsidiaries

In accordance with Section 126(B) of the Income Tax Ordinance (hereinafter - the "**Ordinance**"), calculation of the Partnership's taxable income will not include income from the distribution of profits or from a dividend arising from income produced in Israel, which is received directly or indirectly from another body of persons subject to corporate tax in Israel.
In accordance with Section 126(B) of the Ordinance, a dividend received by the Partnership from a foreign company will be taxed in Israel at the corporate tax rate, as set out above, while providing a credit for the tax withheld from the dividend abroad (direct credit). Surplus direct credit may be carried forward until the end of the next 5 tax years.
At the same time, at the request of the Partnership and on fulfillment of certain terms and conditions, the Partnership may choose an alternative, according to which tax will be imposed at the corporate tax rate as set out above, for the gross profit from which the dividend is distributed (the amount of the dividend distributed plus the withholding tax and the foreign corporate tax paid for it), while receiving a credit for both the foreign tax paid on the profit from which they dividend is distributed in the foreign company (indirect credit), and for the tax withheld abroad for that dividend. It should be noted that indirect credit is provided up to two levels only and under certain conditions. Surplus indirect credits cannot be carried forward to future years.

NOTE 17 - TAXES ON INCOME (cont.)

A. Taxation in Israel (cont.)

4. In 2024, the Israel Tax Authority's approval was received and the Partnership completed a restructuring, according to which the shares of Navitas Petroleum Holdings LLC, a company incorporated in the US and wholly-owned by Navitas Petroleum Limited (an English company wholly-owned by the Partnership) are directly by the Partnership.

5. On September 14, the Income Tax Regulations (Rules for Calculation of Tax on the Holding and Sale of Participation Units in an Oil Exploration Partnership) (Amendment) were published. These regulations prescribe, among other things, that as from the 2022 tax year, a partnership whose units are listed on the Stock Exchange will be taxed as a "company", i.e., in accordance with the two-stage taxation method as from the tax year in which the oil partnership generated a taxable income or distributed profits. It is clarified that as long as the Ordinance applies to the Partnership and it is taxed as a company, the provisions of the regulations, which regulate the manner in which the income and expenses of a listed partnership are allocated to holders of participation units who are "eligible holders," do not apply to the Partnership

B. The main tax rates applicable to the consolidated companies that are incorporated outside of Israel are:

1. Companies incorporated in the United States

A. The applicable US tax rate

The rate of federal tax in 2022-2024 is 21%.

The rate of state tax rate in the states in which the Group operates in the United States:

- Texas - in 2022-2024, the tax rate ranges from 0.375% to 0.75%.
- Louisiana - in 2022-2024, the tax rate ranges from 3.5% to 7.5%. As from 2025, the tax rate is 5.5%.

B. On December 22, 2017, the President of the United States signed legislation leading to a far-reaching reform in the American taxation system (hereinafter - the "**Reform**"). The Reform introduced significant changes to US tax laws, including several provisions that affect the tax liability of the Group's operations in the United States. Following are the main provisions of the Reform relevant to the Group:

1. A reduction in the federal corporate tax rate in the United States from 35% to 21%, effective January 1, 2018.
2. Elimination of the alternative minimum tax (AMT) on US companies and restricting the deduction of net operation loss to 80% of taxable income.

NOTE 17 - TAXES ON INCOME (cont.)

B. The main tax rates applicable to the consolidated companies that are incorporated outside of Israel are: (cont.)

1. Companies incorporated in the United States (cont.)

B. (cont.)

3. Under the new legislation, in 2018 to 2021 (inclusive), companies will not be permitted to deduct interest expenses exceeding 30% of the EBITDA of those companies. Subsequent to 2021, companies will not be permitted to deduct interest expenses exceeding 30% of the total EBIT of those companies. Any amount no longer deducted in that year will be carried forward to subsequent years on the basis of the same mechanism and unlimited in time.
4. Bonus depreciation - Under the Reform, companies are permitted to deduct the full investment amount in certain items of property, plant, and equipment, which were placed in service after September 27, 2017 and subject to additional conditions. The bonus depreciation rate will gradually decrease after December 31, 2022. The benefit under the reform will expire in full after December 31, 2026.

C. Withholding tax for dividends from US companies

For the distribution of a dividend from the United States to the Partnership, tax is withheld at a reduced rate of 12.5%, in accordance with the Tax Treaty between Israel and the United States. Additionally, for the distribution of a dividend from the United States to a UK company, tax is withheld at the rate of 30%, and under certain conditions, 0% - 5% in accordance with the Tax Treaty between the United States and the UK.

2. Companies incorporated in the UK

The corporate tax rate in 2022 and until March 2023 is 19%. As from April 2023, the corporate tax rate is 25%. There is no withholding tax for the distribution of a dividend from the UK to the Partnership.

3. Revenues of the affiliate incorporated in the Falkland Islands

The corporate tax rate in 2022-2024 is 26%.

NOTE 17 - TAXES ON INCOME (cont.)

B. The main tax rates applicable to the consolidated companies that are incorporated outside of Israel are: (cont.)

4. Withholding tax for interest from subsidiaries

Interest income for loans provided by the Partnership to companies in the United States is subject to withholding tax in the United States at a rate of 17.5%.
Interest income for a loans provided by the Partnership to companies in the UK is subject to withholding tax in the UK at a rate of 10%.

C. Income taxes in the statements of income

	For the year ended December 31		
	2024	2023	2022
	USD thousand		
Deferred taxes	(646)	(5,892)	(10,684)
Current taxes	(3,000)	(181)	-
Total taxes on income	(3,646)	(6,073)	(10,684)

D. Carryforward losses for tax purposes

As of December 31, 2024, the Group has carryforward tax losses for the coming years, amounting to approx. USD 456 million (as of December 31, 2023 - approx. USD 228 million). Of these losses, an amount of approx. USD 423 million arises from the companies' operations in the United States (as of December 31, 2023 - approx. USD 195 million), for which a tax asset has been recognized due to the expected utilization of carryforward losses in the United States in the coming years, and due to the timing differences in respect of which reserves were created. In respect of a total of approx. USD 23 in carryforward losses of the Partnership, and approx. USD 10 million in losses for tax purposes in the UK no deferred tax assets were recognized, since it is not expected that it will be possible to utilize them in the foreseeable future.

In addition to the above, NPDP, has past investments in the Sea-Lion oil asset for tax purposes (prior to the acquisition of NPDP, as outlined in Section 12D above) in the total amount of approx. USD 700 million, that can be utilized in the future against a taxable income from the Oil Asset. In the financial statements, no deferred tax assets were credited in respect of these losses. For further details, see Note 12C to the Financial Statements.

The Partnership has self-assessments in respect of tax years through 2017, which are considered to be final.

NOTE 17 - TAXES ON INCOME (cont.)

E. Deferred taxes

Composition

	December 31	
	2024	2023
	USD thousand	
Deferred tax liabilities		
Timing differences for oil and gas assets	(100,853)	(52,198)
Conversion component of Debentures (Series D)	(385)	(578)
Other differences	(7,238)	(6,448)
	(108,476)	(59,224)
Deferred tax assets		
Tax loss carryforwards	89,480	41,275
Share-based payment	2,061	-
Financial assets measured at fair value through other comprehensive income	411	525
	91,952	41,800
Total	(16,524)	(17,424)

F. Theoretical tax

	For the year ended December 31		
	2024	2023	2022
	USD thousand		
Profit before taxes on income	15,925	31,577	70,316
Statutory tax rate in Israel	23%	23%	23%
Taxes on income calculated according to the statutory tax rate	(3,663)	(7,263)	(16,173)
Income taxable at other tax rates	167	219	736
Profits (losses) for which deferred taxes were not recognized, net	(150)	971	4,753
	(3,646)	(6,073)	(10,684)

NOTE 18 - TRANSACTIONS AND BALANCES WITH INTERESTED PARTIES, RELATED PARTIES, AND CONTROLLING SHAREHOLDERS

A. Balances

	December 31	
	2024	2023
	USD thousand	
Payables and credit balances - current balances	1,353	1,196

NOTE 18 - TRANSACTIONS AND BALANCES WITH INTERESTED PARTIES, RELATED PARTIES, AND CONTROLLING SHAREHOLDERS (cont.)

B. Transactions with interested and related parties

		For the year ended December 31		
		2024	2023	2022
	Note	USD thousand		
Revenue from oil and gas sales, net of royalties				
Royalties for interested parties	18D	4,093	5,339	7,025
Expenses				
General and administrative expenses - management fees and salaries for interested parties	18C	2,451	3,186	1,894
Expenses for relocating an interested party in the Partnership to Houston		-	50	225
General and administrative expenses: office maintenance and other professional services by the General Partner		-	-	1,200
Benefits for employment of key management personnel employed in the Partnership				
Total short-term benefits		1,962	1,831	806
Share-based payment		749	1,134	1,276
Number of individuals to which the benefit refers		3	3	2
Directors' compensation				
Compensation for directors not employed by the Partnership		230	147	205
Number of individuals to which the benefit refers		5	4	4

C. Management fees and granting of options

1. On November 14, 2022, the general meeting of the Partnership approved that the Partnership will directly engage with the Officers on Behalf of the General Partner, under an agreement to provide management services in exchange for a salary or fixed annual management fees and equity compensation, as detailed below:

   The officers on behalf of the General Partner will provide management services, consultation services, business development services, and other services to the Partnership, as required to manage the Partnership's business, and will serve as Chairman of the Board (Mr. Gideon Tadmor), Deputy Chairman of the Board and senior business development manager and Deputy CEO and director in the General Partner, full time (100%).

   The engagement period with each Officer on Behalf of the General Partner commenced on September 12, 2022, and will end when three years will have elapsed from the approval by the general meeting, as outlined above.

NOTE 18 - TRANSACTIONS AND BALANCES WITH INTERESTED PARTIES, RELATED PARTIES, AND CONTROLLING SHAREHOLDERS (cont.)

C. Management fees and granting of options (cont.)

1. (cont.)

In exchange for the officers on behalf of the General Partner providing management services, the Partnership will pay each of the officers on behalf of the General Partner a salary or management fee equal to NIS 138 thousand a month, in terms of cost (plus VAT).

In February 2023, the shareholders in the General Partner signed an amendment to the agreement between them, such that the shares of one of the shareholders in the General Partner will be converted into Ordinary Shares A of the General Partner, which confer upon him only financial rights, and accordingly, he announced the termination of his term in office as director and Deputy CEO in the General Partner. Therefore, as from that date, the management fees and monthly salary paid to Officers on Behalf of the General Partner total NIS 276 thousand (for the two Officers on Behalf of the General Partner).

In addition to the management fees, each of the officers on behalf of the General Partner is entitled to additional customary benefits, including: coverage of communication expenses (cell phone, internet, newspapers, etc.), and all the reasonable business expenses incurred in the context of the position thereof (such as: flights, accommodation, etc.).

2. Grant of options - In addition to that which is stated in Section 1 above, each of the officers on behalf of the General Partner were allotted non-marketable options, without consideration (each exercisable into one participation unit), equal to 1,750,410 units to the Chairman of the Board (the value of the average annual economic benefit on the award date is approx. NIS 2,933 thousand), and at a number equal to 350,057 units for each of the other two officers on behalf of the General Partner (the value of the annual average economic benefit on the award date is approx. NIS 586 thousand for each of them).

The options will vest in 3 annual tranches over 4 years, from September 15, 2022, such that 50% (hereinafter - the "**First Tranche**") will vest two years after the award date, 35% (hereinafter - the "**Second Tranche**") will vest after 3 years, and 15% (hereinafter - the "**Third Tranche**") will vest after 4 years.
The exercise price of the options is as follows: first tranche - NIS 23.23; second and third tranche - NIS 24.159.
The fair value of the option at the approval date by the meeting is estimated according to the Black and Scholes valuation model based on: (a) an exercise price of NIS 23.230 for the first tranche and NIS 24.159 for the second and third tranches; (b) the first tranche will expire at the end of 4.25 years from the award date and the second and third tranches will expire at the end of 5 years from the award date; (c) full adjustment to dividend was assumed; (d) standard deviations of 56.18% for the first tranche, 54.59% for the second tranche and 53.96% for the third tranche; (e) and a risk-free interest rate based on the publications of the Bank of Israel.

NOTE 18 - TRANSACTIONS AND BALANCES WITH INTERESTED PARTIES, RELATED PARTIES, AND CONTROLLING SHAREHOLDERS (cont.)

C. Management fees and granting of options (cont.)

2. (cont.)

In 2024, the Partnership recognized expenses in respect of options to officers on behalf of the General Partner totaling approx. USD 1,559 thousand (approx. NIS 5,361 thousand).

In 2023, the Partnership recognized expenses in respect of options to officers on behalf of the General Partner totaling approx. USD 2,165 thousand (approx. NIS 7,444 thousand). In addition, in 2023, the Partnership capitalized an amount of approx. USD 240 thousand.

D. Overriding royalty

Under the Partnership agreement, the Partnership will pay the shareholders in the General Partner 6% of the Partnership's share of oil or other material of value that will be produced and utilized from the oil assets in which the Partnership has or will have an interest, directly or indirectly, including through companies, partnerships, or corporations in which the Partnership will hold rights.

NOTE 19 - FINANCIAL INSTRUMENTS

A. Classes of financial instruments

	December 31	
	2024	2023
	USD thousand	
Financial assets at fair value		
Mutual funds (debentures in Israel)	8,929	5,658
Financial derivatives	1,633	3,838
	10,562	9,496
Financial assets at amortized cost		
Cash and cash equivalents	118,829	86,286
Short-term deposits	19,368	9,235
Trade receivables	9,940	8,439
Receivables and debit balances	14,241	3,658
Restricted amounts	22,124	63,019
	184,502	170,637
Total financial assets	195,064	180,133
Financial liabilities at fair value		
Financial derivatives	106	-
Financial liabilities at amortized cost		
Trade payables and other payables	33,823	18,164
Lease liabilities	3,222	2,067
Other long-term liabilities	36,715	-
Long-term loans from banking corporations and financial institutions (including interest payable)	476,285	244,737
Debentures (including interest payable)	517,528	432,369
	1,067,573	697,337
Total financial liabilities	1,067,679	697,337

B. Risk management policy

The Partnership's activities expose it to various financial risk, such as market risk (including foreign currency risk, CPI risk, fair value risk for interest rate, and price risk), credit risk, and liquidity risk. The Partnership's comprehensive risk management plan focuses on measures to minimize possible adverse effects on the financial performance of the Partnership.

C. Hedging and derivatives

1. The Group is exposed to changes in the oil prices in respect of its future sales. In order to hedge the said exposure, the Group enters into hedge transactions for oil prices, pertaining to some of its future production. Following is information about the open transactions as of December 31, 2024:

NOTE 19 - FINANCIAL INSTRUMENTS (cont.)

C. Hedging and derivatives (cont.)

1. (cont.)

a) As of December 31, 2024 Navitas Buckskin has open hedging transactions of put options to hedge WTI oil prices in 2025, for a total of approx. 410 MBBL at a minimum average price per barrel of approx. USD 60. The abovementioned transactions are accounted for as an accounting hedge.

The fair value of the asset in respect of the foregoing hedging transactions as of December 31, 2024 was approx. USD 866 thousand.

Subsequent to the statement of financial position date, in January and February 2025, Navitas Buckskin entered into additional put option hedge transactions to hedge WTI oil prices in January and February 2026, totaling approx. 70 thousand barrels of oil at an average minimum price of approx. USD 60 per barrel.

b) Further to Note 8(a) regarding NPO's undertaking to hedge oil prices under the financing agreement, as of December 31, 2024 NPO has open put option hedge transactions to hedge WTI oil prices, which are accounted for as accounting hedges, totaling approx. 319 thousand barrels of oil as detailed below:

- Put options to hedge WTI oil for approx. 190 thousand barrels of oil in the period in 2025, at a minimum average price per barrel of approx. USD 55.

- Put options to hedge WTI oil for approx. 129 thousand barrels of oil in the period from January 2026 to September 2026, at a minimum average price per barrel of approx. USD 55.

The fair value of the asset in respect of the foregoing hedging transactions as of December 31, 2024 was approx. USD 753 thousand.

c) As of December 31, 2024, ShenHai LLC has an open put option hedge transaction to hedge WTI oil prices, totaling approx. 8 thousand barrels of oil in August 2025 at an average minimum price of approx. USD 55.

The fair value of the asset in respect of the foregoing hedging transaction as of December 31, 2024 was approx. USD 14 thousand.

Subsequent to the statement of financial position date, in January and February 2025, ShenHai LLC entered into additional hedges as detailed below:

NOTE 19 - FINANCIAL INSTRUMENTS (cont.)

C. Hedging and derivatives (cont.)

1. (cont.)

c) (cont.)

- WTI oil price put option hedges totaling approx. 155 thousand barrels of oil in the period from September 2025 to December 2025 at an average minimum price of approx. USD 65 per barrel. The premium for these hedges will be paid upon expiration of the put options.

- WTI oil price hedges totaling 90 thousand barrels of oil, which combine swaps and call options in the period from November 2025 to December 2025 at an average minimum price of approx. USD 67 per barrel and an average maximum price of approx. USD 72 per barrel.

2. As of December 31, 2024, the Partnership has hedging transactions to reduce exposure to fluctuations in the NIS-USD exchange rate as set out below:

- Acquisition of put options for January 2025 totaling USD 2.5 million at a price of NIS 3.5 per dollar and for March 2025 totaling USD 8.5 million at a price of NIS 3.5 per dollar.

- Sale of call options for January 2025 totaling USD 2.5 million at a price of NIS 3.68 per dollar and for March 2025 totaling USD 8.5 million at a price of NIS 3.65 per dollar.

The fair value of the liability in respect of the foregoing hedging transactions as of December 31, 2024 was approx. USD 106 thousand. The abovementioned transactions are not accounted for as an accounting hedge.

D. Fair value

The table below compares the carrying amount with the fair value of the Group's financial instruments, which are not presented in the financial statements at fair value (other than those with an amortized cost that is not materially different from their fair value):

	Carrying amount		Fair value (*)	
	December 31		December 31	
	2024	2023	2024	2023
	USD thousand			
Financial liabilities				
Debentures (Series B)	-	192,224	-	195,101
Debentures (Series C)	92,079	92,337	92,087	90,284
Debentures (Series D)	(**) 48,054	(**) 49,772	118,424	61,624
Debentures (Series E)	128,593	99,205	140,828	109,145
Debentures (Series F)	251,958	-	265,040	-
Total	520,684	433,538	616,379	456,154

(*) According to quoted market price (Level 1) in the fair value hierarchy.
(**) Represents the par value (including the conversion component).

NOTE 19 - FINANCIAL INSTRUMENTS (cont.)

E. Market risks

Market risks arise from the risk that the fair value or future cash flows of a financial instrument will change due to changes in market prices. Market risks include three types of risks: Currency risk, other price risk, and fair value risk for interest rate as follows:

1. Currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument is unstable due to exchange rate fluctuations.

The Group is mainly exposed to foreign currency risks arising from exchange rate fluctuations of the NIS against the dollar (the functional currency).

As of December 31, 2024, the financial liability surplus denominated in NIS over financial assets in NIS amounted to approx. USD 476,819 thousand (as of December 31, 2023 - approx. USD 390,357 thousand).

	Sensitivity test to changes in the NIS rate against the USD	
	Net profit (loss) from the change	
	Increase of 5%	Decrease of 5%
	USD thousand	
2024	(23,421)	23,513
2023	(19,518)	19,518

2. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will change due to changes in market interest rates. The financial instruments bearing variable interest expose the Partnership to a cash flow risk due to a change in the interest rate.

	Sensitivity test to changes in the SOFR interest rate	
	Net profit (loss) from the change	
	Rise in interest of 0.5%	Drop in interest of 0.5%
	USD thousand	
2024	(691)	691
2023	(250)	250

NOTE 19 - FINANCIAL INSTRUMENTS (cont.)

E. Market risks (cont.)

3. Trade receivables

Credit risk management for trade receivables is managed by the Group in accordance with its credit risk management policy. Unpaid trade receivables are reviewed regularly and impairment is tested on each reporting date on a specific basis for major customers. As of December 31, 2024, the Group has no customers in arrears.

F. Liquidity risk

Liquidity risks arising from management of the Partnership’s working capital and from finance expenses and principal repayments of the Partnership's debt instruments. Liquidity risk is the risk that the Partnership will find it difficult to fulfill obligations related to financial liabilities.

Following are the contractual repayment dates of the financial liabilities (according to their fixed nominal value for settlement that are different from their par value), based, where relevant, on the interest rates and exchange rates as of the report date.

	Liabilities as of December 31, 2024						
	Up to a year	Second year	Third year	Fourth year	Fifth year	Sixth year	Total
	USD thousand						
Trade payables and other payables	33,823	-	-	-	-	-	33,823
Lease liabilities	1,289	858	537	472	184	127	3,467
Other long-term liabilities	7,750	31,988	8,187	-	-	-	47,925
Loans from banking corporations and financial institutions	135,411	194,595	187,969	99,910	12,950	-	630,835
Debentures	32,744	144,068	152,994	164,194	148,384	-	642,384
Total	211,017	371,509	349,687	264,576	161,518	127	1,358,434

NOTE 19 - FINANCIAL INSTRUMENTS (cont.)

F. Liquidity risk (cont.)

	Liabilities as of December 31, 2023						
	Up to a year	Second year	Third year	Fourth year	Fifth year	Sixth year	Total
	USD thousand						
Trade payables and other payables	18,164	-	-	-	-	-	18,164
Lease liabilities	831	432	359	343	285	-	2,250
Loans from banking corporations and financial institutions	37,416	74,466	101,702	93,080	48,412	-	355,076
Debentures	75,148	72,012	224,236	65,655	89,702	-	526,753
Total	131,313	146,910	326,297	159,078	138,399	-	901,997

List of Main Consolidated Companies as of December 31, 2024

Name of holding company/partnership	Company	Ownership rates and control of the holding company/partnership
		%
Navitas Petroleum, Limited Partnership		
	Navitas Petroleum Limited	100
	Navitas Petroleum Holdings LLC	100
	Navitas ShenHai Financing Ltd.	100
	Philippines Limited (UK) Navitas Petroleum	100
	Navitas Financing US LLC	100
Navitas Petroleum Limited		
	Navitas Petroleum Development and Production Limited	100
Navitas Petroleum Holdings LLC		
	Navitas Petroleum US LLC	100
	Navitas Buckskin US, LLC	100
	ShenHai LLC	100
	Peles LLC	100
	Navitas Petroleum Onshore LLC	100
	Navitas Monument US LLC	100
	Navitas Monument II US LLC	100

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