

Navitas Petroleum (Limited Partnership)

(hereinafter - the "Partnership")

August 5, 2021

Attn.
The Israel Securities Authority (ISA)
22 Kanfei Nesharim Street
Jerusalem

Attn.
The Tel Aviv Stock Exchange Ltd.
2 Ahuzat Bayit Street
Tel Aviv

To whom it may concern,

re: **Shenandoah Project Partnership's Preparations for a Final Investment Decision (FID)**

Further to the immediate report published by the Partnership on August 2, 2021 (Reference No. 2021-01-060337) regarding signing of the project financing agreements for development of the Shenandoah project (hereinafter - "**the Project**" and "**the Previous Report**", respectively) and as part of preparations for a final investment decision ("**FID**") in the Project, following are several updates:

- A. On August 4, 2021, the Project operator, BOE Exploration & Production, LLC (hereinafter - "**the Operator**"), announced that following completion of the development and competitive process that included several bids, the Operator signed a multiannual planning, procurement, construction and delivery contract (EPC) for the floating production and storage system (FPS) for the Project (hereinafter - "**the Contract**" and/or "**the Agreement**" and "**the Installation**", respectively).

As informed by the Operator, the FPS will be constructed by the Korean company Hyundai Heavy Industries Co, Ltd. ("**Hyundai**"), the world's largest shipyard. According to the agreed specification, the FPS will be semi-submersible, with a length of 91 meters, width of 91 meters and height of 90 meters. Following the Installation, the treatment and production capacity of the FPS is expected to be 100,000 barrels per day and 140 MMSCF of gas per day. The Installation will be done by Hyundai in the coming 36 months, the first year being devoted to engineering. Hyundai expects to commence the construction of the FPS in the third quarter of 2022. Once the construction of the FPS is complete, this system will be transferred to the USA and is expected to be installed above the Shenandoah reservoir in the third quarter of 2024. The costs involved in the Contract are in line with the Project's estimated budget as reflected in the statement of cash flows

published by the Partnership in the Periodic Report for 2020, on March 26, 2021 (Reference No. 2021-01-048372).

The Operator further advised that Hyundai has recently completed the construction of an FPS for the Kings Quay project in the Gulf of Mexico, which has similar characteristics to the FPS required for the Shenandoah Project, and that the construction that FPS was completed on time. Hyundai was elected as the contractor of the FPS while weighting its price quote in the competitive process, its compliance with schedules and a high safety level, and its agreement to defer a certain part of the expected payments.

It should be noted that signing of the FPS Agreement constitutes compliance with milestones of the binding work schedule, under which the SOP (“**Suspension of Production**”) was granted and constitutes fulfillment of one of the conditions for financial closure of the Project financing.

- B. On August 4, 2021, the Project Partnership¹ informed the Partnership of an offer received by BOE II from a company operating in the oil and gas sector in the Gulf of Mexico in the USA, and supported by a leading, renowned investment fund specializing in the oil and gas sector in the USA (hereinafter - “**the New Partner**”) to acquire 20% of the rights in the Project, in a transaction that is expected to be signed before the FID is made.

The transaction in a plan that includes several transactions and constitutes part of the FID process. Following closure of the proposed transactions, if closed, the holding rates in the Project will be as follows: ShenHai² - 49%; Beacon - 31%; the New Partner - 20% (“**the Transaction**”).

The above Transaction plan also includes the sale of percentages of ShenHai’s holdings in the Project, and is therefore subject to the Partnership’s consent.

As proposed, ShenHai’s rights will be transferred under the same terms and conditions as those specified in the Agreement Letter (as defined in section 2.5 of the Previous Report).

As part of the Transaction, the terms of the Agreement Letter will be changed so that the first closing date (as defined in Section 2, Part B of the Previous Report) will be canceled, the second closing date will be postponed to November 12, 2021, and the percentages to be deposited in trust, and which will be transferable on that date, will be decreased to 12%.

Closing of the Transaction is subject partly to the FID.

The Partnership is examining the Transaction under the presented plan, with attention to the enormous benefit of adding a strong partner to the Project, which will have a significant holding therein, without significantly diluting ShenHai’s holdings in the

¹BOE II Shen, LLC holds 30.95% of the rights in the Project (“**BOE II**”) and Beacon Offshore Energy Development LLC holds 15.95% of the Project (“**Beacon**”).

²ShenHai, LLC is a wholly-owned subsidiary (indirect) of the Partnership (above and hereinafter - “**ShenHai**”).

Project, and with attention to postponement of the closing date of the Agreement Letter, as specified above.

- C. The parties are preparing to make an FID by August 31, 2021, in order to be able to begin executing the agreements with the primary Project development contractors to meet the planned development schedules and the planned production commencement date of the Project in December 2024.

Forward-looking information - the Partnership's information and estimates provided in this report regarding signing of the FPS agreement, the Transaction for the sale of BOE II and ShenHai right in the Project, the terms and expected closure thereof, and the estimated FID date are forward-looking information, as defined in the Israel Securities Law, 1968. Such information is based partly on information received by the Partnership from BOE II and Beacon as well as data and estimates known to the Partnership's management on the date of this report. This forward-looking information may not materialize, in whole or in part, or may materialize in a very different manner than expected, due to changes and/or delays in various factors beyond the Partnership's control, including the progress of negotiations conducted by the managements of BOE II and Beacon, obtaining the approval of the parties to the Transaction, including the relevant parties in the Partnership (if necessary), developments in the economic environment and market conditions in general and in the oil sector in particular and/or developments related to the Shenandoah Project and/or the Partnership and/or the Partnership's subsidiaries and/or due to external factors beyond the Partnership's control and/or due to various unforeseen factors.

Respectfully,

FLR Oil and Gas Management Ltd.

General Partner in Navitas Petroleum, Limited Partnership

By Chanan Reichman, CEO

Amit Kornhauser, CFO