Delek Drilling - Limited Partnership
(the “Partnership”)

February 23, 2021

Israel Securities Authority
22 Kanfei Nesharim St.
Jerusalem
Via Magna

Tel Aviv Stock Exchange Ltd.
2 Ahuzat Bayit St.
Tel Aviv
Via Magna

Dear Sir/Madam,

Re: **Balancing Agreement for Separate Sale from the Tamar Reservoir**

Further to the Partnership’s immediate reports of January 31, 2021 and February 18, 2021 (Ref. No.: 2021-01-012016 and 2021-01-020533, respectively) regarding an MOU between all of the Tamar partners (the “**Partners**” or the “**Tamar Partners**”) with respect to separate marketing of the natural gas from the Tamar reservoir, the Partnership respectfully announces that on February 23, 2021, the Tamar Partners signed a detailed agreement, based on the MOU, the purpose of which is to determine the detailed mechanisms and rules in connection with the taking of the share of any one of the Tamar Partners in the gas output in accordance with the Joint Operating Agreement[1], and balancing arrangements that shall apply between the Partners in the event that the marketing of the gas is not performed according to the proportionate share of the Partners in the output as aforesaid (the “**Balancing Agreement**” or the “**Agreement**”). Below are the main principles of the Agreement:

1. Each one of the Partners will be entitled to join a contract for the supply of gas from the Tamar reservoir (“**Supply Contract**”) that shall be signed by another partner, as a full party, according to its proportionate share in the reservoir and the mechanisms and terms and conditions determined in the Agreement (the “**Tag Along Right**”). With respect to a Supply Contract for export, the Tag Along Right is subject to arrangements that shall be agreed between the Partners on a specific basis in relation to each Supply Contract for export.

2. The Agreement includes various mechanisms and arrangements that allow a partner to market, subject to available capacity on a daily basis, quantities of natural gas that exceed its proportionate share in the Tamar lease (“**Oversupply Partner**”), after each one of the other partners has first been afforded the possibility of nominating its full proportionate share in the output, and a certain partner shall not have marketed its full share in the daily output (“**Undersupply Partner**”). In such a case, balancing arrangements shall apply between the Partners with the aim of balancing the Partners’ rights in relation to the gas sold according to their proportionate share in the reservoir: in money (i.e.: through a payment to be made by an Oversupply Partner to an Undersupply Partner) or in gas (i.e.: the Undersupply Partner will receive additional gas quantities in the future, over and above its proportionate share in the output in order to reach a balance), according to the Undersupply Partner’s choice, all in accordance with and subject to the provisions of the Agreement. In addition, the Agreement

[1] The Joint Operating Agreement of November 16, 1999 (as amended from time to time) (the “**Joint Operating Agreement**”).

determined mandatory monetary balancing arrangements in each one of the following cases: (1) when excess gas quantities have accrued in favor of an Undersupply Partner in a volume exceeding a cap determined in the Agreement; (2) on the date on which the operator shall have determined that 60 BCM of proven gas reserves remain in the reservoir; (3) on the date on which production from the reservoir comes to an end or on the date on which the lease deed expires or comes to an end, according to the terms and conditions set forth in the Agreement.

3. The operator will be responsible, *inter alia*, for implementing the provisions of the Agreement and managing the nominations thereunder, as well as for supplying the gas at the delivery point in accordance with its instructions. The operator's responsibility for a breach of its undertakings under the Agreement will be subject to the restrictions and exclusions set forth in the Joint Operating Agreement.

4. In the case of a discrepancy between the Agreement and the Joint Operating Agreement, the provisions of the Agreement shall prevail.

5. Each party to the Agreement will bear the payment of the taxes, the statutory royalties, the levies and the statutory payments that apply in respect of the gas taken thereby, and accounting arrangements were determined with respect thereto between an Undersupply Partner and an Oversupply Partner in the case of monetary balancing. It was further determined that the parties will approach the tax authorities and the Ministry of Energy in joint applications for arrangement of the manner of reporting and payment of statutory royalties, levy, and taxes in relation to the Agreement, and that until receipt of the authorities' decision, the reports and payments will be made in accordance with the current practice.

6. The taking effect of the Balancing Agreement is subject to the approval of the Competition Authority[2]. In the event that such approval is not received by May 31, 2021, the Agreement will be terminated by the giving of prior notice of 30 days by any of the parties thereto (unless the said approval is received prior to conclusion of the Agreement). The Agreement will be in effect until the conclusion of the Joint Operating Agreement.

7. Insofar as any of the Partners shall seek to transfer its interests in the Tamar lease to another/others, the said interests shall be transferred together with the rights and undertakings of the partner under the Balancing Agreement.

8. The law that governs the Agreement is the laws of England and Wales. Any dispute between the parties that is not resolved in accordance with the mechanism set forth in the Agreement shall be referred to arbitration in accordance with the arbitration rules of the International Chamber of Commerce as stated in the Agreement. A party wishing to appeal determinations of the operator which pertain, *inter alia*, to the available output, the allocation of nominations and the date stated in Section 2(2) above, or a determination of any party to the Agreement regarding the relevant prices for the performance of monetary balancing, may refer the issue to be decided by an expert who shall be appointed in accordance with the provisions of the Agreement and whose

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[2] Insofar as required.

rulings will be final and binding, except in the case of blatant error or fraud. Insofar as the expert does not decide the dispute, the dispute will be referred to arbitration as aforesaid.

9. Implementation of the provisions of the Agreement requires the establishment of various systems and the adoption of procedures as well as receipt of approvals and clarifications from the tax authorities and various regulators. Therefore, an interim period is determined in the Agreement, from the signing thereof until July 1, 2021, only at the end of which will it be possible to perform balancing arrangements (in money or in gas).

The partners in the Tamar project and their holding rates are as follows:

Isramco Negev 2, Limited Partnership	28.75%
Noble Energy Mediterranean Ltd.	25.00%
Delek Drilling, Limited Partnership	22.00%
Tamar Petroleum Ltd.	16.75%
Dor Gas Exploration, Limited Partnership	4.00%
Everest Infrastructures, Limited Partnership	3.50%

Sincerely,

Delek Drilling Management (1993) Ltd.

General Partner of Delek Drilling – Limited Partnership

By Yossi Abu, CEO

Yaniv Friedman, Deputy CEO