

Delek Drilling- Limited Partnership
(the “**Partnership**”)

May 13, 2020

To
The Israel Securities Authority
22 Kanfei Nesharim Street
Jerusalem
Via Magna

To
Tel Aviv Stock Exchange Ltd.
2 Ahuzat Bayit Street
Tel Aviv
Via Magna

Dear Sir/Madam,

Re: Update on the Effect of the COVID-19 Crisis

Following the intention of Delek Group Ltd., the Partnership’s control holder, to release a shelf offering report for the offering of securities to the public, and further to discussions with the ISA, the Partnership respectfully releases this update with respect to the effect of the COVID-19 crisis on the Partnership’s revenues from the Leviathan and Tamar reservoirs:

As stated in the Partnership’s periodic report as of December 31, 2019, as released on March 30, 2020 (Ref. No.: 2020-01-032010) (the “**Periodic Report**”), during Q1/2020, the international markets recorded sharp fluctuations and extremely steep drops in the prices of oil and natural gas, which, in the Partnership’s estimation, are attributable to the COVID-19 crisis, as well as additional causes and factors that affect the demand for and supply of energy products. On the demand side, the Partnership estimates that insofar as the COVID-19 crisis endures and the slowdown in the global economy continues, it will continue to adversely affect the demand for and prices of energy products.

From mid-March 2020 to the date hereof, a drop in demand has been recorded with a corresponding decrease in the sales of natural gas produced from the Leviathan and Tamar reservoirs, relative to the Partnership’s forecasts, as specified in the discounted cash flow figures as of December 31, 2019, presented in Sections 7.2.10 and 7.3.11 of Chapter A (Description of the Partnership’s Business) of the Periodic Report (the “**Cash Flows**”). As of the date of this report, the scope and duration of the COVID-19 crisis cannot be estimated, and it is therefore difficult at this stage to assess its impact on the demand for and sales from the Leviathan and Tamar reservoirs (the “**Reservoirs**”) in the coming years. Nevertheless, the Partnership estimates that in 2020 and 2021, the projected decrease in the Partnership’s revenues from the Reservoirs¹ (net, after operating expenses, taxes and royalties) will be between 10% and 20% in 2020, and between 5% and 15% in 2021, in each one of the Reservoirs, relative to the revenue forecast for these years according to the Cash Flows for 2P reserves. The decrease rates stated above have been calculated according to the following

¹ Assuming the Partnership’s holding rates in the Reservoirs do not change until the end of 2021.

assumptions: (a) An assumption of decrease in demand in the local market in the years 2020 and 2021 of 5%-9% relative to the total demand assumed in the Cash Flows; (b) An assumption of a Brent barrel price of \$25 for the years 2020 and 2021; and (c) An assumption of decrease in the contract quantities to be sold under the agreements for export from the Reservoirs to the minimum binding quantities under the agreements. For sensitivity analyses of the Cash Flows, *inter alia* to a decrease in the prices of natural gas, in the quantities of natural gas sold and the Brent price, see Sections 7.2.10(b)6, 7.3.11(a)4, 7.3.11(a)5 and 7.3.11(a)6 of Chapter A (Description of the Partnership's Business) of the Periodic Report. It is noted that a letter received by the Partnership from Netherland Sewell and Associates Inc. states that in its opinion, except in relation to 2020 and 2021, no material change has occurred in the production profile in each of the reserve and resource categories, and that the rate of decrease in the Partnership's revenues in 2020 and 2021, as specified herein, and the assumptions specified above, are reasonable.

Caution regarding forward-looking information – The information specified above regarding the projected decrease in the Partnership's revenues relative to the cash flow figures included in the Periodic Report, constitutes forward-looking information, within the meaning thereof in Section 32A of the Securities Law, 5728-1968. This information is based on assumptions regarding the quantities of gas to be sold in the years 2020-2021 and the Brent price throughout the cash flow period. The quantities of natural gas and condensate to be actually produced may differ from the Partnership's assumption in its calculations, *inter alia*, due to the conditions of supply and demand in the markets, or commercial conditions that will transpire in the future, or as a result of the actual performance of the Reservoirs, or other factors beyond the Partnership's control, and which are therefore uncertain. It is therefore emphasized that the above information may change as further information accumulates, and as a result of a gamut of factors beyond the Partnership's control.

Sincerely,

**Delek Drilling Management (1993) Ltd.,
General Partner of
Delek Drilling – Limited Partnership
By Yossi Abu, CEO
and Yossi Gvura, Deputy CEO**