

Delek Drilling- Limited Partnership
(the “Partnership”)

July 28, 2019

To
The Israel Securities Authority
22 Kanfei Nesharim Street
Jerusalem

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

Dear Sir/Madam,

**Re: Judgment on the Appeal with respect to Section 19 of the Taxation of Profits
from Natural Resources Law, 5771-2011**

Further to Section 4.3.2 of the Partnership’s periodic report as of December 31, 2018, as released on March 24, 2019 (Reference No.: 2019-01-023982), with respect to an appeal filed by the general partner of the Partnership with the Supreme Court from the judgment rendered by the District Court of Tel Aviv-Jaffa, as to the interpretation and manner of implementation of Section 19 of the Taxation of Profits from Natural Resources Law, 5771-2011 (“**Section 19**”), the Partnership hereby respectfully notifies that the Supreme Court’s judgment, denying the said appeal, was issued on July 28, 2019.

The Supreme Court upheld the District Court’s judgment and ruled, *inter alia*, that an arrangement in which the Partnership bears the full tax rate of the partners, individuals and companies alike, as mandated by Section 19, and at the same time makes balancing payments to partners that are corporations, does not constitute a “distribution” as defined by law, but is rather an inevitable outcome of the fact that payments on account of the tax were paid out of the profits. However, the Supreme Court clarified that it does not purport to make recommendations or conclusive determinations with respect to the technique of the balancing payments.

Sincerely,

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