

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

November 29, 2018

Israel Securities Authority  
22 Kanfei Nesharim St.  
Jerusalem 9546434

Tel Aviv Stock Exchange Ltd.  
2 Ahuzat Bayit St.  
Tel Aviv 6525216

Via Magna

Dear Sir/Madam,

Re: **Motion for approval of the filing of a derivative suit**

We hereby give notice that today, November 29, 2018, a motion was received at the Partnership’s offices for approval of the filing of a derivative suit, which was filed with the Tel Aviv District Court against the Partnership, the General Partner in the Partnership, Delek Group Ltd. (“**Delek Group**”), Delek Energy Systems Ltd. (“**Delek Energy**”), Delek Royalties (2012) Ltd. (“**Delek Royalties**”) (Delek Group, Delek Energy and Delek Royalties to be referred to hereinafter jointly as the “**Royalty Holders**”), the directors of the General Partner of the Partnership, the CEO of the General Partner of the Partnership and the Partnership’s auditors, in connection with the payment of royalties to the Royalty Holders at the rate of 6.5% (in lieu of 1.5%) since January 2018, the date of recovery of the investment in the Tamar project (the “**Approval Motion**”).

The Petitioner alleges, in essence, flaws in the determination and approval of the date of recovery of the investment in the Tamar project, including the non-inclusion of the levy on gas and oil profits under the Taxation of Profits from Natural Resources Law, 5771-2011 (the “**Sheshinski Levy**”) in the calculation of the investment recovery date. The Petitioner further alleges that the General Partner and the officers breached the duty of care and the fiduciary duty imposed on them to the Partnership, by making a draft calculation of the investment recovery date which is wrong and/or which does not include the Sheshinski Levy. The Petitioner further alleges breach of the duty of fairness imposed on the Royalty Holders, and breach of the duty of care imposed on the Partnership’s auditors.

The remedies sought in the Approval Motion include declaratory remedies, including a determination that the Sheshinski Levy should be included in the date of calculation of the investment recovery date, and accordingly that the date of investment recovery should be calculated as of a deferred date, only after which the royalty rate of 6.5% would apply, and that until such deferred date, the Royalty Holders would not be entitled to receive royalties at a rate of more than 1.5%, a monetary remedy in an amount equal to the difference between the amount of royalties paid by the Partnership

from the investment recovery date at the rate of 6.5% and the royalties amount at the rate of 1.5%.

The Partnership, aided by its legal counsel, shall study the details of the Approval Motion, and shall form its position as well as its estimation of the chances of success in the proceeding.

Sincerely,

**Delek Drilling Management (1993) Ltd.**  
**General Partner of Delek Drilling – Limited Partnership**

By Yossi Gvura, Deputy CEO  
and Sari Singer, VP Legal