

Delek Drilling – Limited Partnership
(the “Partnership”)

April 26, 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: **Engagement in a Non-Binding Memorandum of Understanding for the Sale of the Partnership's interest in Tamar**

The Partnership hereby reports that on 26 April 2021, it entered into a non-binding memorandum of understanding (the “**MOU**”) with investors led by Mubadala Petroleum (the “**Purchasers**”) regarding a sale of its 22% interest in the Tamar project to a company owned by the Purchasers (the “**Sale Transaction**” and the “**Acquiror**”, respectively). To the best of the Partnership's knowledge, Mubadala Petroleum is part of the Mubadala Investment Company PJSC group, a company owned by the Government of Abu Dhabi.

The MOU specifies the commercial principles for the binding agreement in relation to the Sale Transaction (the “**Definitive Agreement**”), as follows:

1. The assets to be sold will include the Partnership's 22% interest in each of the Tamar (I/12) and Dalit (I/13) leases, as well as the Partnership's rights in the joint operating agreement governing the leases, the Tamar offtake agreements and the related agreements between the partners in the leases (the “**Subject Interest**”). The Subject Interest shall be transferred and assigned free of all encumbrances to the Acquiror. The Subject Interest shall be transferred to the Acquiror free of all encumbrances and third-party rights, on an “as is” basis but subject to certain representations and warranties to be set forth in the Definitive Agreement, and subject to the Purchasers' undertakings to bear the existing royalties in respect of the Partnership's interest in the project.
2. In consideration for receipt of the rights in the Subject Interest, the Purchasers shall pay a total of up to US \$1.1 billion, which shall consist of an unconditional payment of US\$1 billion and a contingent payment of up to US\$100 million which will be paid subject to certain terms and goals being met as shall be agreed between the Parties in the Definitive Agreement.

3. The cut-off date for the purpose of calculating the consideration for the transfer of the rights and liabilities in the Subject Interest is April 1, 2021 and the consideration will be adjusted to reflect the income and expenses of the Subject Interest from such cut-off date.
4. The Definitive Agreement shall include conditions precedent which include: (i) the approval of the Petroleum Commissioner; (ii) approval by the meeting of unit holders and/or the Supervisor of the Partnership (to the extent required); (iii) required consents from parties to agreements to which the Partnership is a party (to the extent required); (iv) removal of encumbrances imposed on the Subject Interest; and (v) other conditions precedent that may be agreed on in the Definitive Agreement.
5. The Parties will work to finalize the Definitive Agreement expeditiously and no later than May 31, 2021. The Partnership has undertaken not to enter into any agreement with any third party for the sale of the Subject Interest until such date.
6. The MOU shall terminate on the earlier of the date of execution of the Definitive Agreement or 90 days following the date of the MOU.
7. The Definitive Agreement shall be governed by the laws of England and Wales. Any dispute or claim will be settled before three arbitrators.

For details regarding the Tamar Project, see Section 7.3 in Chapter A of the Partnership's Periodic Report for 2020 as released on March 17, 2021 (Ref. No.: 2021-01-036588), which is included in this report by way of reference (the "**Annual Report**"). As detailed in the Annual Report, in accordance with the provisions of the Government decision regarding the "Gas framework", the Partnership is required to transfer its full rights in the Tamar project by December 17, 2021 (see Sections 7.23, 7.27 and 7.29.1 of the Annual Report). It is clarified that the proceeds of the sale will first be used to repay the Partnership's liabilities to the Tamar Bond bondholders, 50% of the Series A bonds and tax payment in respect of the sale.

It is clarified that as of the date of this report, there is no certainty that a Definitive Agreement will be signed between the parties, either in accordance with the conditions set forth above or on the dates set forth herein, or at all.

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

Delek Drilling Limited Partnership	22.00%
Noble Energy Mediterranean Ltd.	25.00%
Isramco Negev-2 Limited Partnership	28.75%
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, and

Yossi Gvura, Deputy CEO