

Delek Drilling - Limited Partnership

June 11, 2018

Israel Securities Authority
22 Kanfei Nesharim St.
Jerusalem

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

Dear Sir/Madam,

Re: **Immediate Report regarding the Summoning of a Special Meeting of the Participation Unit Holders**

In accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the “**Reports Regulations**”) and the provisions of the Partnerships Ordinance [New Version], 5735-1975, which applies certain provisions of the Companies Law, 5759-1999 (the “**Companies Law**”) and the regulations promulgated thereunder, the Partnership respectfully announces the summoning of a special meeting of the holders of the participation units issued by Delek Drilling Trusts Ltd. (the “**Trustee**”) and which confer a working interest in the Trustee's rights as a limited partner (“**Units**” or “**Participation Units**”) in Delek Drilling – Limited Partnership (the “**Partnership**”), as follows:

1. **Time and location of the meeting**

The meeting will be held on Sunday, July 1, 2018 at 16:00, at Herods Hotel at 11 HaOgen St., Herzliya¹.

2. **On the meeting's agenda**

2.1. **Approval to Refrain from the Distribution of Profits in accordance with the Partnership Agreement**

“It is proposed to authorize the supervisor, in accordance with the provisions of Section 9.4 of the limited partnership agreement of July 1, 1993 (as amended from time to time) (the “**Partnership Agreement**”), to authorize the Partnership's general partner, Delek Drilling Management (1993) Ltd. (the “**General Partner**”), to refrain from the distribution of profits (as defined in Section 9.4 of the Partnership Agreement) (“**Refrainment from the Distribution of Profits**”), for the purpose of the investment thereof in the acquisition of rights in East Mediterranean Gas Limited (“**EMG**”) in order to allow engagement with EMG in the context of which a right of use will be granted for the existing gas pipeline between Israel and Egypt and the facilities owned by EMG for the purpose of the piping of natural gas only (the “**Potential**”).”

¹ Note that the advance notice is given by a shorter notice according to Section 14.1(d) of the Trust Agreement, in view of the request of the Partnership's management and after the Supervisor has been convinced that the benefit of the Unit holders mandates an urgent convening of the meeting.

Transaction”). As specified in the Immediate Report of the Partnership of March 7, 2018 (ref. no.: 2018-01-018330) included herein by way of reference, the negotiations regarding the Potential Transaction are promoted jointly with Noble Energy Mediterranean Ltd. (“**Noble**”) and Egyptian entities.

The Partnership intends to agree with the other Tamar and Leviathan partners (except Noble) on the scope and manner of their participation in the Potential Transaction by the Potential Transaction’s closing date.

Since the engagement in the Potential Transaction allows the supply of gas in accordance with the agreement with Dolphinus Holdings Limited (“**Dolphinus**”) (see the Partnership’s immediate report of February 19, 2018, (ref. no. 2018-01-013587), hereby presented by way of reference) and is intended to realize only the Partnership’s existing goals (development of the Tamar and Leviathan reservoirs for the purpose of production therefrom with no transformation of the natural gas into a product of another type), the Partnership believes that the engagement in the Potential Transaction does not change the Partnership’s goals that are specified in Section 5 of the Partnership Agreement.

The Language of the proposed resolution: “To authorize the supervisor, pursuant to the provisions of Section 9.4 of the Partnership Agreement, to authorize the general partner of the Partnership to Refrain from the Distribution of Profits (as defined in Section 9.4 of the Partnership Agreement) for the purpose of their investment in the purchase of rights in EMG in order to allow engagement with EMG with respect to the use of the gas pipeline existing between Israel and Egypt and the facilities owned thereby only for the piping of natural gas”.

2.2. **Explanations regarding the proposed resolution:**

2.2.1. The Partnership mainly engages in the exploration, development, commercialization and production of natural gas, condensate and oil, in which framework the Partnership looks into various infrastructure alternatives for the piping of natural gas to other target markets (see Section 2.2 of the Partnership’s periodic report, as published on March 21, 2018 (ref. no.: 2018-01-022209), hereby presented by way of reference).

2.2.2. On February 19, 2018, two agreements were signed for the export of natural gas from the Tamar project and the Leviathan project to Egypt between the Partnership and Noble and Dolphinus for the supply of an annual quantity of up to approx. 7 BCM (under the two agreements).

2.2.3. For the sale of the natural gas to Dolphinus to be consummated, it is necessary to regulate, inter alia, the use of infrastructures for the transmission of natural gas to Egypt (whether by way of using EMG’s pipeline or otherwise). In this context, the Partnership, is conducting negotiations with the various rights

holders in EMG for the acquisition of rights in EMG in order to allow engagement with EMG in connection with the use of the gas pipeline and the facilities owned thereby for the purpose of the piping of natural gas from Israel to Egypt.

- 2.2.4. In order to finance the investment in the acquisition of rights in EMG, it is proposed to authorize the supervisor to authorize the General Partner to Refrain from the Distribution of Profits, if and insofar as required, for the purpose of the Potential Transaction, all in the language proposed in the resolution. The total investment of the Partnership in the Potential Transaction is estimated at approx. US\$200 million.
- 2.2.5. It is noted that in accordance with the meeting's resolution of April 8, 2010, the Partnership Agreement was amended in a manner that allows the General Partner to Refrain from the Distribution of Profits, insofar as required, if at all, for the purpose of participation in the development and production work in the Tamar and Dalit leases which shall be approved by the General Partner, from time to time, in accordance with the joint operating agreement that applies to such leases. In addition, on December 30, 2013, a meeting of the Unit holders was held at which it was resolved, *inter alia*, to approve Refrainment From the Distribution of Profits (within the meaning thereof in the Partnership Agreement) for the purpose of investment thereof in the development of the Leviathan reservoir, in accordance with the work plan and the budgets that had been and/or would be approved according to the joint operating agreements that apply to the Leviathan leases.
- 2.2.6. Although the Partnership deems investment in infrastructure for transmission to Egypt as an integral part of the development work in the Tamar project and in the Leviathan project, for the purpose of the financing of which, as aforesaid, the Partnership is entitled to Refrain from the Distribution of Profits, the Partnership wishes, for the sake of good order, to present for the meeting's approval the resolution specified in Section 2.1 of this report.

3. **Details with respect to the convening of the meeting**

3.1. **Quorum and adjourned meeting**

No discussion will be opened at the general meeting, unless a quorum is present when the meeting turns to do so, and no resolution will be adopted, unless a quorum is present when the resolution is voted upon. A quorum will be formed when two Unit holders, who together hold Units that represent no less than 50% of the Units issued by the Trustee until the business day preceding the meeting, are present in person or by proxy.

If a quorum is not present 30 minutes after the time scheduled for the meeting, the meeting will be adjourned to the same day the following week at the same time and place, i.e., Sunday, July 8, 2018 at 16:00, without there being an obligation to inform the Unit holders thereof, or to any other day or a different time or another place as the Trustee, with the Supervisor's consent, shall determine in a notice to the Unit holders.

If a quorum is not present at such adjourned meeting 30 minutes after the scheduled time, two Unit holders present in person or by proxy shall then constitute a quorum, and the meeting will be at liberty to address the issues for which it was called. If no such quorum is present at an adjourned meeting – the meeting will be cancelled.

For quorum purposes, two proxies of one registered Unit holder which is a nominee company (i.e., a company the sole business of which is holding securities on behalf of others), who participate in the meeting by virtue of powers of attorney granted to them, in respect of different Units, by the same registered Unit holder, shall also be deemed “two Unit holders”.

3.2. **The majority required**

The majority required for approval of the proposed resolution on the meeting's agenda is a majority of no less than 75% of the Units whose holders participated in and voted at the meeting in person or by proxy.

3.3. **Record date and proof of ownership**

3.3.1. The record date for establishing the right to vote in accordance with Section 182 of the Companies Law is Sunday, June 24, 2018, at the close of the trading day on the Tel Aviv Stock Exchange Ltd. (hereinafter in this Section 3.3.1 only: the “**Record Date**”).

3.3.2. In accordance with the Companies Regulations (Proof of Shareholding for the purpose of Voting at a General Meeting), 5760-2000, a Unit holder, to whose credit a Participation Unit is registered with a TASE member, and such Unit is included in the Units listed in the name of the nominee company in the participation units register (an “**Unregistered Unit Holder**”), shall furnish the Partnership with confirmation by the TASE member with which the Unit is registered to his credit of his ownership of the Unit on the Record Date, in accordance with the provisions of the aforesaid Regulations and the form in the Schedule of the aforesaid Regulations.

3.3.3. In addition, an Unregistered Unit Holder may instruct that his ownership confirmation be transferred to the Partnership by means of the electronic voting system operating under Title B of Chapter G2 of the Securities Law (the “**E-Voting System**”).

3.4. **Voting**

3.4.1. With respect to the resolution on the agenda of the meeting, a Unit holder may vote in person, by a proxy for the vote holding a document of appointment as a proxy for the vote, and also via an electronic voting card transferred to the Partnership by means of the E-Voting System.

3.4.2. Voting through the appointment of a proxy

It is required that a document of appointment of a proxy for the vote, or a copy thereof, certified by a notary, be deposited with the Trustee's offices on 19 Aba Eban Street, Herzliya Pituach, at least 48 hours before the time of the meeting, i.e., no later than Friday, June 29, 2018 at 16:00, failing which such appointment document shall have no force and effect at the meeting and at an adjourned meeting.

3.4.3. If the meeting is adjourned as stated in Section 3.1 above, and a Unit holder shall have deposited a document of appointment of a proxy for the vote, in the manner and on the conditions stipulated above, at least 48 hours prior to the time of the adjourned meeting, the Unit holder that deposited the power of attorney vote by proxy at the adjourned meeting, regardless of whether he was present in the original meeting, in person or by proxy, or was not present in the original meeting, in person or by proxy. For the avoidance of doubt, a Unit holder who was present in the original meeting by proxy will not be required to re-deposit a power of attorney for the purpose of voting at an adjourned meeting only if such adjourned meeting is convened within ten (10) days as of the date of the original meeting.

3.4.4. Voting via the E-Voting System

After the record date, upon the receipt of an identifying number and an access code from the TASE member and after an identification process, an Unregistered Unit Holder will be able to vote via the E-Voting System. The last date for voting on the E-Voting System is up to 6 hours before the time of convening of the meeting, i.e., on Sunday, July 1, 2018 by 10:00.

If a Unit holder votes by more than one means, his later vote shall be counted, with the vote of a Unit holder in person at the meeting or by proxy being deemed later to a vote via voting card.

4. **Changes in the agenda**

After the release hereof, there may be changes in the agenda, including the addition of issues to the agenda, and the up-to-date agenda will be available for inspection in the Partnership's reports posted on the TASE website at:

www.maya.tase.co.il and on distribution website of the Israel Securities Authority (ISA) at: www.magna.isa.gov.il.

A request by one or more Participation Unit holders, holding at least half a percent (0.5%) of all of the Participation Units of the Partnership according to Section 65DD(b) of the Partnerships Ordinance, to include an issue in the agenda of the general meeting, shall be delivered to the Partnership up to three (3) days after the calling of the meeting. The issue will possibly be added to the agenda and the details thereof will appear on the distribution website. In such a case, the Trustee shall publish an amended notice report no later than seven (7) days after the deadline for the delivery of a request by a Participation Unit holder for the inclusion of an issue in the agenda, as aforesaid.

5. **Inspection of documents**

The language of the immediate report is available for inspection on the TASE website at: www.maya.tase.co.il and on the ISA website at: www.magna.isa.gov.il. Furthermore, the notice to the Unit holders and a copy of any document pertaining to the aforesaid resolution are available for inspection at the offices of the Trustee on 19 Aba Eban Street, Herzliya Pituach, after prior coordination with Adv. Sari Singer Kaufman (09-9712424), until the convening of the Unit holders meeting.

Sincerely,

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

By:

Yossi Abu, CEO
and Yossi Gvura, Deputy CEO