

Delek Drilling – Limited Partnership

(the "Partnership")

February 22, 2022

To
Israel Securities Authority
22 Kanfei Nesharim St.
Jerusalem

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

Dear Sir/Madam,

Re: **Update on the Partnership's strategy and objectives, name change to NewMed Energy**

Further to Section 7.27 of Chapter A (Description of the Partnership's Business) in the Partnership's Periodic Report for 2020, as released on March 17, 2021 (Ref. no. 2021-01-036588) (the "**Periodic Report**"), about the Partnership's objectives and business strategy, the Partnership respectfully announces that the Board of Directors of the Partnership's General Partner adopted a resolution regarding an update to the Partnership's objectives and strategy, *inter alia* in view of the changes taking place in the energy industry, the governmental policy in Israel and in the developed countries to encourage transition to the production of electricity from alternative energies, and the desire to promote ESG aspects of the Partnership's business. It is noted that the Partnership intends to post on its website an ESG report detailing the economic aspects, the direct and indirect impact of its operations, and environmental, social and corporate governance information and goals, according to global reporting methodologies.

The Board of Directors further resolved to change the Partnership's name to **NewMed Energy**¹, to reflect the goals and strategy of the Partnership, as to be expanded in detail in the Partnership's Periodic Report for 2021, whose highlights are as follows:

1. **Natural gas**

The Partnership shall continue working to exhaust the economic potential of the petroleum assets held thereby, while considering the acquisition of additional petroleum assets, including:

- a. Guaranteeing the regular supply of natural gas and condensate from the Leviathan reservoir in accordance with the agreements signed, and negotiating and engaging in additional agreements for the supply of

¹ On February 21, 2022 the Registrar of Companies and Partnerships approved the change of the Partnership's name to NewMed Energy – Limited Partnership.

natural gas and condensate to various potential consumers in Israel and in countries of the region, primarily Egypt, Jordan and the Palestinian Authority.

- b. Promoting various possibilities for the development of Stage 1B of the Leviathan reservoir and increasing the pace of production to some 21 BCM per year, with the aim of adopting a final investment decision (FID). The development possibilities may include development and expansion of the infrastructures for the transmission of natural gas from the Leviathan reservoir to additional consumers in the target markets, primarily the Egyptian market, increasing the volume of supply to the existing liquefaction facilities in Egypt, and promoting the possibility for the liquefaction of natural gas through an FLNG facility for the purpose of marketing thereof to the global markets.
- c. Promoting the development plan for the Aphrodite reservoir in Cyprus, and marketing the natural gas to Egypt and to the global LNG market. Concurrently, exploring additional development alternatives, including the possibility of integrating the development of the Aphrodite reservoir with existing facilities and/or with development plans for nearby assets, including those of the Leviathan reservoir.
- d. Continued natural gas and oil exploration activity in the area of the Partnership's petroleum assets, and identification of business opportunities in new petroleum assets, primarily in countries in and around the Mediterranean Basin. In this context, the Partnership is negotiating entry into exploration licenses in Morocco.

2. **Alternative Energies**

- a. **Renewable Energies** – Following the amendment of the TASE regulations of July 2021, which enables oil and gas partnerships to integrate renewable energy projects in their business, the Partnership is exploring various possibilities for making investments in this area in the global market, including joint transactions for the development of new and/or existing projects.
- b. **Production of "blue" hydrogen** – Exploring the possibility for producing hydrogen from natural gas from the reservoirs in which the Partnership is a partner, in combination with Carbon Capture and Storage. Hydrogen, whose combustion does not emit pollutants, can serve as a low-carbon alternative for energy consumers.

3. **The restructuring transaction**

The Board of Directors will continue to promote the possibility of a restructuring, by way of approving an arrangement under Sections 350 and 351 of the Companies Law, 5759-1999, whose essence is the replacement of all the participation units of the Partnership with ordinary shares of a new company incorporated in England, which will hold the full interests of the General Partner and the Limited Partner in the Partnership, and whose shares

will be listed for parallel trade on the London Stock Exchange and the Tel Aviv Stock Exchange, further to the decision of the Court in this proceeding, as detailed in the Partnership's immediate report of December 27, 2021 (Ref. no. 2021-01-185460).

It is clarified that the Partnership's objectives and strategy as specified above are general intentions and goals and therefore there is no certainty that they will be consummated, *inter alia* due to changes in market conditions, geopolitical changes, changes in regulation and tax laws, changes in priorities due to the results of operations of the Partnership's projects, as well as other developments, unexpected events, and the risk factors specified in Section 7.29 of Chapter A (Description of the Partnership's Business) in the Periodic Report. It is further clarified that the realization of the goals and strategy specified above is subject to approvals by the Partnership's competent organs, which have not yet been received, including the General Meeting of the participation unitholders, as well as approvals by third parties.

Sincerely,
**Delek Drilling Management (1993) Ltd., General Partner
of Delek Drilling – Limited Partnership**
by Yossi Abu, CEO
and Sari Singer-Kaufman, General Counsel, VP