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FOR IMMEDIATE RELEASE

29 September 2022

Capricorn Energy PLC (“Capricorn”)

Capricorn Energy PLC (“Capricorn”) proposed combination with NewMed Energy Limited Partnership (“NewMed”)

and

Proposed pre-Completion cash special dividend of \$620m to Capricorn shareholders

Expected to deliver total value to Capricorn shareholders of 271 pence per Capricorn share

Withdrawal of intention to recommend the Tullow Combination

Capricorn and NewMed are pleased to announce a proposed combination (the “**Combination**”), to create a MENA gas and energy champion and one of the largest upstream energy independents listed in London (the “**Combined Group**”). A cash special dividend of \$620 million is proposed to be paid to existing Capricorn shareholders (the “**Capricorn Shareholders**”) (and relevant share scheme participants) immediately prior to the completion of the Combination (together, the “**Transaction**”).

The Combination will be effected by Capricorn acquiring all of the partnership interests in NewMed in consideration for the issue of new Capricorn shares to NewMed unitholders (the “**New Capricorn Shares**”) based on an exchange ratio of 2.337344 New Capricorn Shares for every NewMed participation unit (a “**Unit**”).

The Combination will result in Capricorn shareholders holding approximately 10.3 per cent of the share capital of the Combined Group and NewMed unitholders, together with NewMed’s current general partner, holding in aggregate approximately 89.7 per cent of the share capital of the Combined Group at completion of the Combination. The Combined Group will trade under the name NewMed Energy and expects to retain its existing Premium Listing on the London Stock Exchange (“**LSE**”). It intends to implement a listing of its entire issued share capital on the Tel Aviv Stock Exchange (“**TASE**”) to take effect on or as soon as possible after Completion of the Combination. It is expected that UK FTSE indexation will also be maintained.

Under the terms of the Transaction, Capricorn Shareholders will receive a cash special dividend expected to be \$620 million, equivalent to £1.72/share^{1,2} immediately prior to Completion of the Combination.

¹ Based on foreign exchange rates on 28 September.

² Assuming an issued share capital of 315.1 million shares and taking into account the proposed related payment to participants in certain of Capricorn’s share plans of a cash sum referable to the effect of the Transaction.

The Combination exchange ratio values Capricorn, on an ex-dividend basis, at \$338 million or £0.99/share³, a 46 per cent premium to the theoretical ex-dividend price on 28 September 2022 (being the last business day prior to the date of this announcement).

The expected total value of the Transaction to existing Capricorn Shareholders is therefore equivalent to 271 pence per Capricorn Share. This represents a premium of:

- 13 per cent. to the closing price of 240 pence per Capricorn Share on 28 September 2022 (being the last business day prior to the date of this announcement); and
- 36 per cent to the closing price of 199 pence per Capricorn Share on 31 May 2022 (being the last business day prior to the date of the previously announced Tullow Combination).

The board of directors of Capricorn (the “**Capricorn Board**”) believes that the Transaction is in the best interests of Capricorn Shareholders and intends to recommend unanimously that Capricorn Shareholders vote in favour of the resolutions to be proposed by Capricorn at the shareholder meeting to be held to approve the Transaction. Accordingly, the Capricorn Board has unanimously decided to withdraw its intention to recommend the Tullow Combination.

The board of directors of NewMed (the “**NewMed Board**”) has confirmed its intention to recommend unanimously that NewMed unitholders vote in favour of the resolutions to approve the Combination. Delek Group, NewMed’s principal unitholder, which holds voting interests in c.54% of NewMed’s Units, has entered into an irrevocable commitment to vote its Units in favour of the Combination.

The Board of the Combined Group will have a clearly defined governance structure in line with the UK Corporate Governance Code. Whilst it is currently proposed Simon Thomson, the CEO of Capricorn, will become the transitional Chair of the Combined Group, to provide continuity through the Combination process, a search for an independent Chair will be undertaken and it is intended all UK corporate governance principles will be complied with in due course.

As well as the Chair, the Board of the Combined Group will comprise Yossi Abu as CEO, James Smith as CFO and 7 Non-executive Directors, with 2 expected to be representatives of the Delek Group and 5 expected to be independent non-executive directors (2 of which will come from the existing Capricorn Board). Accordingly, a majority of the directors of the Board of the Combined Group, excluding the Chair, will be independent.

Combination Highlights:

- Significant return of value in cash to existing Capricorn shareholders
- Creates a MENA gas and energy champion and one of the largest upstream energy independents listed in London
- Diversified portfolio of high-quality producing assets in Israel and Egypt underpinned by 45.34% interest in Leviathan, one of the world’s most attractive gas fields
- Combined 2P + 2C reserves and resources of c.11.8 TCF and 690 MMscfd of net working interest production
- Significant cash flow generation from sustainable producing asset base with tangible development projects set to deliver production to > 1.2bcf/d by 2030 subject to relevant project approvals
- Long-term contracts provide strong cash flow visibility and downside protection, while retaining exposure to commodity price growth

³ Based on NewMed share price and foreign exchanges rates on 28 September 2022 and assuming a Capricorn issued share capital of 315.1 million shares.

- Material and sustainable dividend policy – initially targeting a minimum annual dividend of 30% of annual free cash flow, pre-growth capex and after financing costs
- Attractive diversified exploration portfolio across Cyprus, Egypt, Israel, UK, Mexico, Mauritania and Suriname
- Commitment to net zero carbon emissions by 2040⁴; Ultra low scope 1 & 2 emissions from Leviathan of ~1.7kgCO₂/boe
- Material gas production helping customers reduce carbon emissions, provide reliable and affordable energy, and playing a crucial role in the energy transition.

Nicoletta Giadrossi, Chair of Capricorn said:

“The Board has engaged in a robust and dynamic process to evaluate options for Capricorn and considered a broad range of external factors and market conditions. The Combination with NewMed and a cash special dividend represent the delivery of significant value for Capricorn shareholders. We believe this is a compelling transaction which combines near term value realisation with ongoing participation and value creation in a world class gas company.”

Simon Thomson, Chief Executive of Capricorn said:

“This transaction delivers our shareholders a substantial capital return, together with an ongoing stake in a differentiated UK listed company, shaped for the future of the energy industry.

The combined business will offer investors a gas business of scale, with the prospect of near-term growth, a dependable capital returns policy, and a compelling ESG narrative to support the energy-hungry markets of the Middle East, North Africa and Europe.”

Yossi Abu, Chief Executive of NewMed said:

“By combining with Capricorn we are creating a leading MENA gas and energy company, whilst significantly benefiting the shareholders of both companies. With 2P & 2C reserves and resources of approximately 11.8 TCF, predominantly gas from Leviathan, low-cost and highly cash generative production, the Combination creates a true regional energy champion.

Secure, sustainable, and long-life cash flows will allow the Combination to offer a compelling mix of capital distributions to shareholders and growth potential. With Capricorn, we have a shared vision on a disciplined capital allocation framework and a strategy to potentially significantly increase our production while expanding to the LNG market with the aim of supplying Europe’s growing gas demand. The Combination will play a pivotal role in the energy transition, through organic brownfield cost effective developments while delivering attractive returns to our shareholders.

On behalf of NewMed, I would like to thank all our stakeholders for their support for this highly attractive Combination. With our new partners at Capricorn, we are extremely excited about the future.”

⁴ Scope 1 & 2

Conditions

The Combination, which constitutes a reverse takeover under the UK Listing Rules, is conditional on, among other things:

- Approval of the Combination by Capricorn Shareholders (through the relevant ordinary resolutions) at a general meeting of Capricorn;
- Approval of a Rule 9 waiver resolution by independent Capricorn Shareholders (voting on a poll) at a general meeting of Capricorn;
- Approval of Capricorn proceeding to implement the Transaction for the purposes of the frustrating action rules as required under Rule 21.1(a) of the Takeover Code;
- Approval of the Combination by NewMed unitholders at a general meeting of NewMed pursuant to an Israeli scheme of arrangement, which will ultimately require the approval of the Israeli Minister of Justice and the competent Israeli court (the “**Scheme**”). The Scheme will require the approval of: (i) not less than a majority in number of NewMed unitholders present and voting at the unitholder meeting to be convened to consider the Scheme and representing at least 75 per cent. in value of the Units voted at such meeting in relation to which Delek Group, which holds voting interests in c.54 per cent of NewMed’s participation units, has entered into an irrevocable commitment to vote its Units in favour of the Combination; and (ii) a simple majority of the independent unitholders present and voting at the meeting (Delek Group will not be treated as an independent unitholder);
- Obtaining such tax rulings from the Israeli Tax Authority as are agreed by the Company and NewMed to be a sufficient basis on which to proceed to implement the Combination, with such tax rulings to be in a form mutually acceptable to the Company and NewMed;
- Obtaining required regulatory and contractual approvals in relevant jurisdictions;
- Obtaining required antitrust approvals in relevant jurisdictions;
- The FCA and the LSE agreeing to admit Capricorn’s enlarged ordinary share capital to listing on the premium segment of the Official List of the FCA and to trading on the LSE’s main market for listed securities; and
- The Israel Securities Authority and the TASE agreeing to admit Capricorn’s enlarged ordinary share capital to listing on the TASE pursuant to chapter E’3 of the Israeli Securities Law.

Capricorn will in due course publish: (i) an FCA-approved prospectus and circular (which will include notice to convene a general meeting of Capricorn to approve the Combination); and (ii) a prospectus and registration document approved by the ISA and in accordance with the requirements of the TASE.

Rothschild & Co is acting as financial adviser and sponsor to Capricorn in connection with the Transaction. Goldman Sachs and Morgan Stanley are acting as financial advisers to Capricorn in connection with the Transaction. J. P. Morgan is acting as financial adviser to NewMed in connection with the Transaction.

This summary should be read in conjunction with the full text of this announcement. Capitalised terms used but not defined in this announcement have the meanings given to them in the Appendix.

Expected timetable of events

Announcement of the Combination	29 September 2022
Expected publication of the Capricorn circular (including the Notice of General Meeting) and prospectus and Capricorn's Israeli prospectus and registration document	Q1 2023
Expected date of Capricorn GM and NewMed EGM	Q1 2023
Expected date of Completion	Q1 2023
Long-stop date	30 June 2023 ⁵

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⁵ BCA allows for an extension to be agreed between the parties

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Slaughter and May, Gornitzky & Co. and Shepherd and Wedderburn LLP are acting as legal advisers to Capricorn in connection with the Transaction.

Davis Polk & Wardwell London LLP and Agmon & Co. Rosenberg Hacoheh & Co. are acting as legal advisers to NewMed in connection with the Combination.

Webcast

There will be a live webcast of the Combination presentation available to view on the websites (www.Capricornenergy.com and www.NewMedEnergy.com) at 11:30 am BST/13:30 pm Israel. This can be viewed on PC, Mac, iPad, iPhone and Android mobile devices.

An 'on demand' version of the webcast will be available on the website as soon as possible after the webcast. This can be viewed on PC, Mac, iPad, iPhone and Android mobile devices.

Presentation:

The Combination presentation slides will be available on the Company's website (www.Capricornenergy.com).

Conference call

You can listen to the Combination presentation by dialling into a conference call at 11:30 am BST/13:30 pm Israel using the below dial-in details. Analysts who wish to ask a question should use the conference call facility.

Dial-in details

UK, local:

+44 (0)330 165 4012

Code:

9804165

Transcript

A transcript of the Combination presentation will be available on the website as soon as possible after the event.

NOTES TO EDITORS

The information contained within this announcement is deemed by Capricorn to constitute inside information for the purposes of Article 7 of the UK Market Abuse Regulation. By the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain. The person responsible for arranging for the release of this announcement on behalf of Capricorn is Mr James Smith, Chief Financial Officer.

The LEI of Capricorn is 213800ZJEUQ8ZOC9AL24.

About Capricorn Energy PLC

Capricorn Energy PLC is one of Europe's leading independent upstream energy companies, headquartered in Edinburgh, UK. Historically we have discovered, developed and produced oil and gas in multiple settings throughout the world. Today our focus is on growing our current gas and liquids production base through development and exploration, with an ambition to use our strong balance sheet to expand that production base into other attractive markets and to commercialise exploration resources.

We adhere to high sustainability standards, we invest to ensure our portfolio remains competitive through stringent energy transition scenarios and we are committed to net zero carbon emissions by 2040.

For further information on Capricorn, please see: www.Capricornenergy.com

About NewMed

NewMed is a leading Israeli Energy limited partnership, founded over 30 years ago, and has been a key partner in every major gas discovery made in the last thirty years in Israel's EEZ, as well as the first natural gas discovery made in Cyprus's EEZ. The Company holds a 45.3% working interest in the giant Leviathan field, the largest gas reservoir in the Mediterranean with 22.3TCF of estimated ultimate recoverable gas reserves, and has a world class portfolio of exploration, development and producing gas assets. NewMed's focus is on the safe, efficient, and environmentally and socially responsible supply of energy, primarily in the Eastern Mediterranean region. In keeping with its strong ESG credentials and role in the energy transition, NewMed is also in the process of investing in renewable energy projects. NewMed, previously known as Delek Drilling, is a constituent of the TASE.

For further information on NewMed, please see www.NewMedEnergy.com

DETAILS OF THE TRANSACTION

1. Introduction

Capricorn is pleased to announce that on 29 September 2022, Capricorn, NewMed and NewMed Energy Management Limited (as general partner of NewMed) entered into a binding business combination agreement whereby, subject to the relevant approvals and conditions, at Completion:

- Capricorn will acquire NewMed as follows:
 - Capricorn Shareholders will receive a pre-Completion dividend, and participants in certain of Capricorn's share plans will receive a related payment, expected to be \$620 million in aggregate, immediately prior to Completion.
 - Immediately following these payments, Capricorn will acquire all partnership interests in NewMed in consideration for the issue of 2.337344 New Capricorn Shares for each Unit held at the Scheme record date.
- The Combined Group expects to retain Capricorn's premium listing on the LSE. It also intends to implement a listing on the TASE pursuant to chapter E'3 of the Israeli Securities Law to take effect on or as soon as possible after Completion.

The Combination will result in Capricorn shareholders holding approximately 10.3 per cent. of the share capital of the Combined Group and existing NewMed unitholders, together with NewMed's current general partner, holding in aggregate approximately 89.7 per cent. of the Combined Group at Completion.

The Combination is conditional on, inter alia, the approval of Capricorn Shareholders and NewMed's unitholders, as set out further below, the approval of the combined circular and prospectus by the FCA, the approval of Capricorn's Israeli prospectus and registration document by the ISA, the approval by the Israeli Minister of Justice and the competent Israeli court of the Scheme, confirmation of the retention of Capricorn's premium listing on the LSE, obtaining required regulatory, antitrust and contractual approvals in relevant jurisdictions and obtaining relevant tax rulings from the ITA.

The New Capricorn Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Capricorn Shares in issue immediately prior to Completion, including, subject as outlined below, the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid, or any other return of value (whether by reduction of share capital or share premium account or otherwise) made, in each case by reference to a record date falling on or after Completion.

Combination Highlights

MENA gas and energy champion and one of the largest upstream energy independents listed in London and Tel Aviv

- Largest London-listed diversified E&P company by resources
- Creates a unique vehicle for investors looking for high-quality gas exposure in the sector

Diversified and gas-focused asset base with a solid regional footprint in key growth markets

- Combined Group's assets strategically located to address significant, increasing regional demand
- Leviathan is a key strategic asset addressing the region's needs
- Potential for future gas by LNG to supply European and global gas markets

Resilient, contracted long term cash flow generation and shareholder returns

- Significant cash flow generation through a high-quality asset base, resulting in attractive dividend potential
- Lean operations enabling lower opex and capex levels, with limited decommissioning
- Solid offtake agreements with attractive floor prices

Strong portfolio of development and exploration projects

- Tangible growth opportunities including Leviathan Phase 1B and Aphrodite, as well as infill and near-field drilling and 2C to 2P conversion in Egypt
- Strong exploration focus and capabilities, with positions in key plays like Egypt, Mauritania, Mexico, Morocco, Suriname, UK and Israel

Leading ESG credentials

- >90per cent. gas-weighted portfolio with a commitment to net zero carbon emissions by 2040, TCFD, SASB, GRI disclosures and to participate in World Bank's zero routine flaring by 2030
- Key contributor to regional transition from coal to natural gas driving positive environmental performance including recent MOU with Enlight Renewable Energy to jointly develop renewable energy projects in North Africa and the Middle East
- Zero incidents safety focus

Experienced management team with a strong track record

- Pioneering and highly experienced management team
- Excellent track record in discovery and delivery of material and high-profile projects in various plays such as MENA, South Asia and Africa
- Resultant track record of returning capital to shareholders

2. Background to and Reasons for the Transaction

Since it was founded in 1980 as Cairn Energy PLC, Capricorn's management and employees have, with the support of its shareholders, transformed the company into a leading oil and gas explorer, developer and producer.

Capricorn's strategy as a responsible energy producer is to ensure maximum financial flexibility through active management of its portfolio. The strategy is based on five key pillars with all investment decisions assessed against multiple externally assured energy transition scenarios:

- **Sustainable Cash Flow Base:** Capricorn constantly looks to diversify and extend its production base, targeting long-life, full-cycle portfolios with low break-even costs to be in the best position to support future shareholder returns.
- **Balance Sheet Flexibility:** Capricorn maintains a balance sheet that is resilient to periods of volatility and a controllable and flexible capital programme.
- **Selective Exploration:** Exploration remains core to Capricorn's future strategy. New discoveries support future cash flows through organic reserves replacement, with the potential for transformational events to create further shareholder value. Exploration focus is on advantaged resources that can remain competitive through stringent energy transition scenarios and will move quickly to commercialisation.
- **Shareholder Returns:** Capricorn's strong shareholder returns are a key differentiator. Capricorn continually weighs reinvestment in the business against returning cash to shareholders when considering capital.
- **Portfolio Management:** Proactive portfolio management allows Capricorn to invest in growing, diversifying and sustaining the cash flow-generating asset base.

Ultimately, this strategic focus has enabled Capricorn to differentiate its business, enabling significant capital returns to shareholders. Capricorn has returned more than \$500 million to shareholders in 2022, which, together with the proposed special dividend immediately prior to Completion, would take the total cash returns to its shareholders to over US\$5.5 billion over the last fifteen years.

On 1 June 2022, the Capricorn Board announced a recommended all-share combination with Tullow. The Capricorn Board has continued to proactively seek and assess all options to maximise value for shareholders and has now concluded that the Transaction, comprising proposed special dividend and Combination, offers Capricorn shareholders a more compelling opportunity to receive value from both upfront cash and via a residual interest in a MENA gas and energy gas champion.

The Combination combines highly experienced teams with a track record of development, exploration, and operational excellence, creating an entity with a truly differentiated investment proposition and cash flow profile with strong sustainable potential shareholder returns. Capricorn shareholders would gain exposure to the world-class Leviathan offshore field in Israel as well as growth through the Leviathan Phase 2 and Aphrodite developments as a result of the Combination.

The Combination will materially enhance Capricorn's existing strong ESG credentials, resulting in an over 90 per cent. gas weighted pro forma portfolio that is well-positioned for success in the energy transition. Capricorn and NewMed are committed to high sustainability standards for the Combined Group, intent on maintaining a competitive portfolio through stringent energy scenario testing and achieving net zero carbon emissions by 2040. Safety will remain a key priority in the combined business. The Combined Group will participate in World Bank's zero routine flaring by 2030 initiative and report against TCFD.

Whilst Capricorn continues to see merit in the Tullow Combination, following careful consideration, the Capricorn Board believes that the Transaction with NewMed is in the best interests of Capricorn Shareholders and intends to recommend unanimously that Capricorn shareholders vote in favour of the resolutions to be proposed by Capricorn at the shareholder meeting to be held to approve the Combination. Accordingly, the Capricorn Board has unanimously decided to withdraw its intention to recommend the Tullow Combination.

3. Summary of the key terms of the Combination

3.1 Consideration Overview

Capricorn will acquire the entire limited partner interests and the entire general partner interests in NewMed. Immediately following Completion, the general partner interests will be transferred intra-group by Capricorn to be held by a wholly owned Capricorn subsidiary, in order to preserve the Israeli limited partnership structure.

In consideration of the transfer of the NewMed partnership interests, unitholders would receive 2.337344 New Capricorn Shares for each Unit held at the Scheme record date. Based on this exchange ratio, Capricorn would, based on the number of Units in issue as at the date of this announcement, issue approximately 2,744 million shares to current NewMed unitholders and the General Partner.

Capricorn intends to pay, immediately prior to Completion, a special dividend to Capricorn Shareholders holding Capricorn Shares at a record date to be specified in the Capricorn prospectus and circular. This special dividend is intended to be in an aggregate amount of \$620 million when taken together with payments of cash sums that will also be made to participants in certain of Capricorn's share plans and

which are referable to the effect of the Transaction. Under the terms of the Transaction, Capricorn Shareholders will receive a cash special dividend expected to be equivalent to £1.72/share^{6,7}.

The Combination will result in Capricorn shareholders holding approximately 10.3 per cent. of the share capital of the Combined Group and existing NewMed unitholders, together with NewMed's current general partner, holding in aggregate approximately 89.7 per cent. of the Combined Group at Completion.

The Combined Group will trade under the name NewMed Energy and is expected to remain listed on the LSE with a Premium Listing and to be listed on the TASE. It is expected that UK FTSE indexation will be maintained post Combination.

3.2 Conditions to Completion

The BCA provides that the Combination is conditional on, amongst other things:

- Obtaining Capricorn Shareholder approval of the Transaction and associated ancillary matters (as set out in more detail in paragraph 3.7 below)
- Obtaining NewMed Unitholder approval of the Scheme (meeting the required Unitholder voting thresholds for Scheme approval described above)
- No party (together with its concert parties, as agreed with the Takeover Panel) being entitled to receive New Capricorn Shares pursuant to the Combination which, in aggregate with any Capricorn Shares already held, would cause the shareholding of such party (together with its concert parties, agreed with the Takeover Panel) immediately after Completion to exceed the shareholding threshold beyond which Rule 9 of the Takeover Code will cease to apply to such party
- FCA and LSE approval of the admission of all New Capricorn Shares and re-admission of all existing Capricorn Shares to listing on the premium segment of the Official List and to trading on the LSE's main market
- ISA and TASE approval of the admission of all New Capricorn Shares and all existing Capricorn Shares to trading on the TASE pursuant to Chapter E'3 of the Israeli Securities Law
- Approval of the Combination by Capricorn Shareholders at a general meeting convened pursuant to an FCA-approved prospectus and circular
- Approval of the Israeli Minister of Justice (in accordance with Section 351a(b) of the Israeli Companies Law) and approval of the Scheme by the competent Israeli court
- Obtaining such tax rulings from the ITA as are agreed by the Company and NewMed to be a sufficient basis on which to proceed to implement the Combination, with such tax rulings to be in a form mutually acceptable to the Company and NewMed
- Obtaining required anti-trust, regulatory and contractual approvals in relevant jurisdictions
- Receipt of such approvals as may be required for the release of the pledges in respect of the participation units held by Delek Group Ltd. (and any of its subsidiaries), the controlling shareholder in the Partnership
- No material adverse effect or material change, or prospective change, in asset base affecting NewMed or Capricorn between signing and Completion
- No material breach of warranties or pre-completion undertakings having occurred prior to Completion.

Capricorn and NewMed are each required to use all reasonable endeavours to satisfy the conditions by the Longstop Date.

3.3 BCA – Key Termination Rights

⁶ Based on foreign exchange rates on 28 September.

⁷ Assuming an issued share capital of 315.1 million shares and after taking into account the proposed related payment to participants in certain of Capricorn's share plans of a cash sum referable to the effect of the Transaction.

The BCA can be terminated prior to Completion in a number of circumstances. A party has a right to terminate the BCA if: (i) the directors of the other party change their recommendation so as to no longer recommend the transaction; (ii) the other party materially fails to perform its obligation to satisfy conditions, including: (a) the general “all reasonable endeavours” obligation to satisfy the conditions; and (b) obligations to co-operate and provide information and mutual assistance after signing to satisfy the conditions; (iii) the other party fails to convene the relevant shareholder/unitholder meeting(s) required to approve the transaction by a specified date or postpones or adjourns such meetings in certain circumstances; (iv) there exists any event, fact, matter or circumstances which constitutes a material breach of a warranty; or (v) the other party commits a material breach of any pre-completion undertakings.

Either party may terminate if the BCA: (i) Capricorn recommends a subsequent offer (including a revised offer) by a third party (including Tullow) announced under Rule 2.7 of the Takeover Code; (ii) NewMed enters into any acquisition agreement, merger agreement or similar agreement with a third party for the acquisition of NewMed or substantially all of NewMed’s assets or its participation units; or (iii) one or more of the conditions has not been satisfied (or waived) by the Longstop Date.

Pursuant to the terms of the BCA, the Capricorn directors and the NewMed directors have the right to amend or withdraw their recommendation of the Transaction at any time if they conclude that such course of action is required as a result of the statutory or fiduciary duties to which the Capricorn directors or the NewMed directors, as the case may be, are subject.

3.4 Delek Group Rule 9 Waiver

It is anticipated that Delek Group, as the largest unitholder of NewMed, together with its concert parties, as agreed with the Takeover Panel, will based on its existing holding, hold approximately 48 per cent. of the shares of the Combined Group on Completion. Under Rule 9 of the Takeover Code, Delek Group would normally then be obliged to make a general offer to remaining Capricorn Shareholders to acquire their Capricorn shares pursuant to the Takeover Code. The Takeover Panel has however agreed to waive this obligation subject to the Rule 9 Waiver Resolution. Accordingly, the Transaction is also subject to the Rule 9 Waiver Resolution being duly passed by independent Capricorn Shareholders at a general meeting to be held in due course.

3.5 Governance

The management team of the Combined Group will comprise Yossi Abu as CEO and James Smith as CFO, along with members from the existing NewMed and Capricorn leadership teams.

The Board of the Combined Group will have a clearly defined governance structure in line with the UK Corporate Governance Code. Whilst it is currently proposed Simon Thomson, the CEO of Capricorn, will become the transitional Chair of the Combined Group, to provide continuity through the Combination process, a search for an independent Chair will be undertaken and it is intended all UK corporate governance principles will be complied with in due course.

As well as the Chair, the CEO and the CFO, the Board of the Combined Group will comprise 7 Non-executive Directors, with 2 expected to be representatives of the Delek Group and 5 expected to be independent non-executive directors (2 of which will come from the existing Capricorn Board). Accordingly, a majority of the directors of the Board of the Combined Group, excluding the Chair, will be independent.

Delek Group’s shares in Capricorn will be subject to a 12 month lock-up from Completion, subject to certain exceptions which are customary in an arrangement of this nature. Due to the size of its shareholding in the Combined Group post-Completion, Delek Group will enter into a relationship agreement on customary terms with Capricorn taking effect from Completion.

3.6 Board Recommendation

The directors of Capricorn have determined that the Transaction is in the best interests of Capricorn Shareholders based on a number of factors and intend unanimously and unconditionally to recommend that shareholders vote in favour of the resolutions to be proposed by Capricorn at the shareholder meeting to be held to approve the Transaction.

3.7 Shareholder approvals

As indicated above, the Transaction will be conditional on approval by Capricorn Shareholders. At the shareholder general meeting to approve the Transaction, Capricorn Shareholders will be asked to approve ordinary resolutions (i) approving the Combination as a “reverse takeover” for the purposes of the Listing Rules; (ii) approving the issue of New Capricorn Shares to NewMed unitholders; (iii) consenting to the issue of more than 30 per cent. of the shares in the Combined Group to Delek Group and its concert parties without triggering a mandatory offer for the purposes of the Takeover Code (i.e. the Rule 9 Waiver Resolution); (iv) if required, approving Capricorn proceeding to implement the Transaction as an action which may result in any offer or *bona fide* possible offer being frustrated or in shareholders being denied the opportunity to decide on its merits, as required under Rule 21.1(a) of the Takeover Code; (v) if required, disapplying the borrowing limit contained in article 123 of Capricorn’s articles of association in order to facilitate the Transaction; and (vi) certain other matters relating to the implementation of the Transaction.

3.8 Financing the pre-completion dividend

Capricorn intends to pay, immediately prior to Completion, a special dividend (together with related payments) of \$620 million to its shareholders and participants in certain of its share plans as at the relevant record date to be specified in the Capricorn prospectus and circular. These payments will be funded using the Company’s existing financial resources. Capricorn’s ability to pay any amount of pre-Completion dividend will be dependent on: (i) the availability of sufficient distributable reserves allow the payment of such dividend as a permitted distribution under the Act; (ii) the payment of such dividend complying with all other relevant statutory requirements; (iii) Capricorn’s directors concluding that the payment of such dividend would be in accordance with their fiduciary duties as directors (whether pursuant to the Act or common law); and (iv) the availability of sufficient cash reserves to pay such dividend.

4. Information on NewMed

NewMed is a leading Israeli Energy limited partnership, founded over 30 years ago, and has been a key partner in every major gas discovery made in the last thirty years in Israel’s EEZ, as well as the first natural gas discovery made in Cyprus’s EEZ. The Company holds a 45.3% working interest in the giant Leviathan field, the largest gas reservoir in the Mediterranean with 22.3TCF of estimated ultimate recoverable gas reserves, and has a world class portfolio of exploration, development and producing gas assets. NewMed’s focus is on the safe, efficient, and environmentally and socially responsible supply of energy, primarily in the Eastern Mediterranean region. In keeping with its strong ESG credentials and role in the energy transition, NewMed is also in the process of investing in renewable energy projects. NewMed, previously known as Delek Drilling, is a constituent of the TASE. As of December 31, 2021, its total assets were equal to approximately \$3,850 million, and its profits before tax, approximately \$317 million.

4.1 NewMed Portfolio Overview

4.1.1 Leviathan

Leviathan is the largest gas reservoir in the Mediterranean, and one of the largest producing assets in the region, with 22.3TCF of estimated ultimate recoverable gas.

Working Interest:	45.34%
Operator:	Chevron
Partners:	Chevron (39.66%), Ratio Energies (15.00%)
WI 2P Reserves / 2C Resources::	1.1bn boe / 0.7bn boe
2022 Expected Net Production:	10.65 BCM

4.1.2 Aphrodite

The Aphrodite natural gas field, located in Block 12 of the exclusive economic zone of Cyprus, has the potential to have the same transformative effect on Cyprus as Tamar and Leviathan had on Israel, in terms of national energy independence, significant revenues for the state and material environmental improvements.

Aphrodite was discovered by the A-1 well in December 2011. The A-2 appraisal well, drilled in 2013, confirmed approximately 98 BCM of contingent resource with a potential for an additional 26 BCM of prospective resources.

Working Interest:	30.00%
Operator:	Chevron
Partners:	Chevron (35.00%), BG Cyprus (35.00%)
WI 2P Reserves / 2C Resources:	N/A / 0.2bn boe
2022 Expected Net Production:	N/A

4.1.3 EMG Pipeline

A single-purpose vehicle (EMED) established by NewMed together with Chevron and East Gas acquired a 39 per cent. interest in East Mediterranean Gas (EMG). As a result of the acquisition, EMED has received an exclusive lease and operational rights over EMG's gas pipeline between Egypt and Israel.

4.2 Rationale for the Combination

The combination with Capricorn aligns with NewMed's long-term vision and strategy of becoming a global energy company focused on the MENA regions with reserves and resources across them both, and expands and strengthens NewMed's existing portfolio by adding producing assets in Egypt and a number of exciting exploration assets. The Combined Group expects to retain Capricorn's existing Premium Listing status, which represents excellent access to sector-knowledgeable long investors as well as inclusion on relevant indices.

4.3 Board Recommendation

The directors of NewMed have determined that the Combination is in the best interests of NewMed unitholders based on a number of factors and intend unanimously and unconditionally to recommend that shareholders vote in favour of the resolutions to be proposed by NewMed at the unitholder meeting to be held to approve the Combination.

Disclaimers

This announcement has been issued by and is the sole responsibility of Capricorn. The information contained in this announcement is for information purposes only and does not purport to be complete. The information in this announcement is subject to change.

This announcement has been prepared in accordance with English law, the UK Market Abuse Regulation and the Disclosure Guidance and Transparency Rules and Listing Rules of the FCA. Information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.

Rothschild & Co, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Capricorn and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than Capricorn for providing the protections afforded to clients of Rothschild & Co nor for providing advice in connection with any matter referred to herein. Neither Rothschild & Co nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this announcement, any statement contained herein or otherwise. No representation or warranty, express or implied, is made by Rothschild & Co as to the contents of this announcement.

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Morgan Stanley, which is authorised by PRA and regulated by the FCA and PRA in the United Kingdom, is acting for Capricorn and no-one else in connection with the Combination and will not be responsible to anyone other than Capricorn for providing the protections afforded to clients of Morgan Stanley nor for providing advice in relation to the Combination. Neither Morgan Stanley nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Morgan Stanley in connection with this announcement, any statement contained herein or otherwise.

J.P. Morgan, which is authorised in the United Kingdom by the PRA and regulated by the PRA and the FCA, is acting as financial adviser exclusively for NewMed and no one else in connection with the Transaction and will not regard any other person as its client in relation to the Transaction and will not be responsible to anyone other than NewMed for providing the protections afforded to clients of J.P. Morgan or its affiliates, nor for providing advice in relation to the Transaction or any other matter or arrangement referred to herein.

The contents of this announcement are not to be construed as legal, business or tax advice. Each shareholder should consult their own legal adviser, financial adviser and/or tax adviser for legal, financial and/or tax advice respectively.

Rule 26.1 disclosure

In accordance with Rule 26.1 of the Code, a copy of this announcement and certain other documents required to be published pursuant to Rule 26 of the Code will be available (subject to certain restrictions relating to persons resident in restricted jurisdictions) at www.CapricornEnergy.com by no later than 12 noon (London time) on the business day following the date of this announcement. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Cautionary Note Regarding Forward-looking Statements

This announcement includes certain forward-looking statements with respect to the financial condition, results of operations and business of the Group and certain plans and objectives of the Board. These forward-looking statements can be identified by the fact that they do not relate to any historical or current facts. Forward-looking statements often use words such as "proposed", "anticipate", "expect", "estimate", "intend", "plan", "believe", "will", "may", "should", "would", "could" or other words with a similar meaning. These statements are based on assumptions and assessments made by the Board in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes appropriate. By their nature, forward-looking statements involve risk and uncertainty and there are a number of factors that could cause actual results and developments to differ materially from those expressed in, or implied by, such forward-looking statements.

The forward-looking statements speak only as at the date of this announcement. Save as required by the requirements of the Listing Rules or the Disclosure Guidance and Transparency Rules of the FCA or otherwise arising as a matter of law or regulation, Capricorn expressly disclaims any obligation or undertaking to disseminate after publication of this announcement any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Neither the content of Capricorn's website (or any other website) nor the content of any website accessible from hyperlinks on Capricorn's website (or any other website) is incorporated into or forms part of this announcement.

Additional Information

This announcement is not intended to, and does not, constitute or form part of any offer, invitation, or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to this announcement or otherwise. Any offer, if made, will be made solely by certain offer documentation which will contain the full terms and conditions of any offer, including details of how it may be accepted. The distribution of this announcement in jurisdictions other than the United Kingdom and the availability of any offer to shareholders of Capricorn who are not resident in the United Kingdom may be affected by the laws of relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom or shareholders of Capricorn who are not resident in the United Kingdom should inform themselves about, and observe any applicable requirements. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

Information for US persons

The Combination relates to the acquisition of an Israeli limited partnership and is proposed to be effected by means of a scheme of arrangement under the laws of Israel. A transaction effected by means of a scheme of arrangement is not subject to proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Scheme is subject to the disclosure requirements, rules and practices applicable in Israel to schemes of arrangement, which differ from the requirements of US proxy solicitation or tender offer rules.

The New Capricorn Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act") or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Capricorn Shares may not be offered, sold or delivered, directly or indirectly, in or into or from the United States absent registration under the US Securities Act or an exemption therefrom. The New Capricorn Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. Under applicable US securities laws, persons (whether or not US persons) who are or will be "affiliates" (within the meaning of the US Securities Act) of Capricorn or NewMed prior to, or of Capricorn after, the consummation of the Combination will be subject to certain US transfer restrictions relating to the New Capricorn Shares received pursuant to the Scheme.

Capricorn has not analyzed or determined the U.S. tax consequences to a US holder of receiving New Capricorn Shares pursuant to the Combination, or owning New Capricorn Shares following the Combination. In addition, Capricorn will not provide any annual determinations as to whether it is a passive foreign investment company for U.S. federal income tax purposes for any taxable year. Each US holder is urged to consult his or her independent professional adviser immediately regarding any tax payment, tax reporting or other tax consequences of the Combination and ownership of New Capricorn Shares under applicable U.S. federal, state, local or other tax laws.

The financial information herein has been prepared in accordance with IFRS and may not be comparable to financial information of companies whose financial statements are prepared in accordance with US GAAP.

It may be difficult for US holders to enforce their rights and claims arising out of the US federal securities laws, since Capricorn and NewMed are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. US holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

None of the securities referred to in this Announcement have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in this Announcement. Any representation to the contrary is a criminal offence in the United States.

Rounding

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of figures that precede them.

APPENDIX
DEFINITIONS

The following definitions apply throughout this Announcement unless the context requires otherwise:

"Act"	the Companies Act 2006
"Aphrodite"	the Aphrodite natural gas field, located in Block 12 of the exclusive economic zone of Cyprus
"BCA"	the Business Combination Agreement between Capricorn and NewMed
"Capricorn Board"	the board of directors of Capricorn
"Capricorn Shareholders"	the holders of Capricorn Shares
"Capricorn"	Capricorn Energy plc
"Combination"	the proposed combination between NewMed and Capricorn
"Combined Group"	the combined entity after the Transaction
"Company"	Capricorn Energy plc
"Completion"	means completion in accordance with the BCA
"Delek Group"	Delek Group Ltd.
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules issued by the FCA pursuant to Part 6 of FSMA
"EEZ"	Exclusive economic zone
"EMED"	A single-purpose vehicle established by NewMed together with Chevron and East Gas
"EMG"	East Mediterranean Gas
"FCA"	Financial Conduct Authority

"FSMA"	the Financial Services and Markets Act 2000, as amended from time to time
"General Partner"	NewMed Energy Management Ltd
"Goldman Sachs"	Goldman Sachs International
"GRI"	Global Reporting Initiative
"ISA"	Israel Securities Authority
"ITA"	Israeli Tax Authority
"J.P. Morgan"	J.P. Morgan Securities plc
"Leviathan"	the largest gas reservoir in the Mediterranean
"Listing Rules"	the listing rules issued by the FCA pursuant to Part 6 of FSMA
"Longstop Date"	30 June 2023
"LSE"	London Stock Exchange PLC
"MENA"	Middle East and North Africa region
"New Capricorn Shares"	new Capricorn shares issued to NewMed unitholders in accordance with the BCA
"NewMed Unitholders"	the holders of units in NewMed
"NewMed"	NewMed Energy Limited Partnership
"Official List"	the official list maintained by the FCA pursuant to Part 6 of FSMA
"PRA"	Prudential Regulation Authority
"Regulatory Information Service"	a primary information provider which has been approved by the FCA to disseminate regulated information
"SASB"	Sustainability Accounting Standards Board

"Scheme"	the Israeli scheme of arrangement
"Takeover Code"	the City Code on Takeovers and Mergers, as amended from time to time
"Takeover Panel"	the Panel on Takeovers and Mergers
"TASE"	Tel Aviv Stock Exchange Ltd
"TCFD"	Task Force on Climate-Related Financial Disclosures
"Transaction"	the cash special dividend of \$620 million proposed to be paid to existing Capricorn Shareholders together with the Combination
"Tullow Combination"	the proposed he proposed all-share combination of Tullow and the Company on the terms and subject to conditions set out in an announcement by the Company released on 1 June 2022
"Tullow Share"	ordinary shares of 10 pence each in the capital of Tullow
"Tullow"	Tullow Oil plc
"UK Market Abuse Regulation"	the UK version of the EU Market Abuse Regulation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
"£" or "sterling"	pounds sterling, the lawful currency for the time being of the UK and references to "pence" and "p" shall be construed accordingly
"2C reserves"	best estimate of contingent resources
"2P reserves"	1P (proven reserves) plus probable reserves. Probable reserves are additional reserves, which by analysis and geoscience and engineering data, are less likely to be recovered than proved reserves, but more certain to be recovered than possible reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated proved plus probable reserves
"BCM"	billion cubic metres

“boe”	barrels of oil equivalent
“Capricorn Shares”	ordinary shares of 21/13 pence each in the issued share capital of Capricorn
“FCF”	free cash flow
“kboe/d”	thousand barrels of oil equivalent
“mmboe”	million barrels of oil equivalent
“Rule 9 Waiver Resolution”	the approval by independent Capricorn Shareholders voting on a poll
“TCF”	trillion cubic feet
“US\$ or “US dollars”	United States dollars, the lawful currency for the time being of the U.S. and references to "cents" shall be construed accordingly
“US\$/boe”	US dollars per barrel of oil equivalent
“WI”	working interest
"Unit"	participation units in NewMed