

# ניו-מד אנרג'י - שותפות מוגבלת

## (“השותפות”)

29 בספטמבר, 2022

לכבוד	לכבוד
הבורסה לניירות ערך בתל אביב בע"מ	רשות ניירות ערך
רח' אחוזת בית 2	רח' כנפי נשרים 22
<u>תל-אביב</u>	<u>ירושלים</u>
באמצעות מגנ"א	באמצעות מגנ"א

א.ג.נ.,

### הנדון: חתימה על הסכם לצירוף עסקים עם חברת Capricorn Energy PLC

בהמשך לאמור בסעיף 19 לעדכון פרק עסקי השותפות שנכלל בדוח הרבעון השני של השותפות לשנת 2022, כפי שפורסם ביום 18.8.2022 (מס' אסמכתא: 2022-01-104980) (להלן: “**דוח רבעון שני**”), אודות אפשרות לביצוע עסקה במסגרתה יירשמו נכסי השותפות למסחר בבורסת לונדון, בדרך של אישור הסדר לפי סעיף 350 לחוק החברות, התשנ"ט-1999 (להלן: “**חוק החברות**”), השותפות מתכבדת לעדכן כי ביום 29.9.2022 התקשרו השותפות והשותף הכללי עם Capricorn Energy PLC (להלן: “**קפריקורן**” או “**החברה**”), בהסכם מותנה לביצוע עסקה לצירוף עסקים של השותפות ושל קפריקורן (להלן: “**ההסכם**” ו- “**העסקה**” בהתאמה).

קפריקורן היא חברה ציבורית שהתאגדה בבריטניה ופועלת בתחום האנרגיה, אשר במועד הדיווח מניויתיה נסחרת בבורסת לונדון, כמשמעות המונח בתוספת השלישית לחוק ניירות ערך, התשכ"ח-1968 (להלן: “**בורסת לונדון**” ו- “**חוק ני"ע**”, בהתאמה). נכון למועד הדוח, קפריקורן מחזיקה זכויות בנכסי נפט וגז טבעי יבשתיים מפיקים במצרים ובמספר נכסי נפט וגז טבעי נוספים בבריטניה, מאוריטניה, סורינאם ומקסיקו, ונסחרת בבורסת לונדון, נכון לתום יום המסחר 28.9.2022, בשווי שוק של כ- 815 מיליון דולר.<sup>1</sup>

על-פי תנאי העסקה, סמוך לפני השלמת העסקה צפויה קפריקורן לחלק לבעלי מניותיה דיבידנד מיוחד במזומן ותשלומים קשורים נוספים בסך של 620 מיליון דולר, ולאחר חלוקה זו תקצה קפריקורן לכלל בעלי יחידות ההשתתפות בשותפות ולשותף הכללי (המחזיק 0.01% בהון השותפות) מניות חדשות, בהתאם ליחס החלפה של 2.337344 מניות קפריקורן לכל יחידת השתתפות (להלן: “**יחס החלפה**”), בתמורה להעברת כל זכויות השותף המוגבל והשותף הכללי בשותפות (100%) לקפריקורן, כך שלאחר השלמת העסקה תהפוך השותפות לתאגיד פרטי בבעלות מלאה של קפריקורן ותחדל מלהיות תאגיד מדווח, כמשמעות המונח בחוק ני"ע.

לאחר השלמת העסקה, צפויים כלל בעלי יחידות ההשתתפות בשותפות (כולל השותף הכללי) להחזיק בכ-

<sup>1</sup> על-פי דיווחיה של קפריקורן לציבור המשקיעים בבורסת לונדון, לזכויותיה של קפריקורן בכל נכסי הנפט בהם היא מחזיקה מיוחסות עתודות מסוג 2P בהיקף של 91 מיליון שווה ערך חביות נפט (boe), בהתאם לנתונים שפורסמו ליום 31.12.2021. להלן קישורים לדוח התקופתי של קפריקורן לשנת 2021, ולדוח הביניים של קפריקורן למחצית הראשונה של שנת 2022:

<https://www.capricornenergy.com/investors/annual-report-2021;>

<https://tools.eurolandir.com/tools/Pressreleases/GetPressRelease/?ID=4160182&lang=en-GB&companycode=uk-cne&v=>

89.7% מהון המניות של החברה המאוחדת (להלן: "החברה המאוחדת"). מניות החברה המאוחדת צפויות להירשם למסחר ברשימת ה-Premium בבורסת לונדון תחת השם NewMed Energy וכן צפויות להירשם למסחר בבורסת תל אביב ב"רישום כפול", בהתאם להוראות פרק ה'3 לחוק ני"ע.

העסקה מותנית, בין היתר, באישורה במסגרת הסדר לפי סעיף 350 לחוק החברות, אשר ייושם בהתאם ובכפוף להוראות ההסכם ויהיה כפוף לאישור אסיפת בעלי יחידות ההשתתפות בשותפות ברוב הנדרש, וכן לאישור בית המשפט המחוזי בו מתקיימים ההליכים לאישור ההסדר (להלן: "בית המשפט").

כמפורט בסעיף 5 להלן, ההתקשרות בעסקה אושרה על-ידי ועדת הביקורת ודירקטוריון השותף הכללי ביום 28.9.2022. דירקטוריון קפריקורן אישר את ההתקשרות בעסקה עם השותפות ביום 28.9.2022. עותק של הדיווח לציבור שפרסמה קפריקורן בקשר לחתימת ההסכם מצורף כנספת א' לדוח זה.

להלן יובאו פרטים נוספים בדבר העסקה ותנאיה וההליכים לאישור העסקה במסגרת הסדר לפי סעיף 350 לחוק החברות.

## 1. ההסכם לצירוף עסקים

להלן תיאור תמציתי של עיקרי ההסכם:

1.1. בכפוף להתקיימות התנאים המתלים לעסקה, כמפורט בסעיף 1.3 להלן, בהשלמת העסקה: (א) יחידות ההשתתפות הקיימות תימחקנה מהמסחר בבורסה; (ב) הסכם הנאמנות יסתיים ויחידות ההשתתפות תבוטלנה כך שלא תקנינה יותר זכויות כלשהן (בכפוף לזכותם של בעלי יחידות ההשתתפות בשותפות לקבלת מניות התמורה, כהגדרתן להלן); (ג) השותף הכללי יעביר לבעלות קפריקורן את כל זכויותיו כשותף כללי בשותפות, הכוללות את זכויות השליטה והניהול בשותפות וכן החזקה ב- 0.01% מהון השותפות, כך שחברה בת בבעלות מלאה של קפריקורן תתמנה ותשמש כשותף כללי יחיד בשותפות; (ד) השותף המוגבל יעביר לבעלות קפריקורן את כל זכויותיו כשותף מוגבל, הכוללות החזקה ב- 99.99% מהון השותפות, כך שקפריקורן תהפוך להיות השותף המוגבל החדש בשותפות; ו- (ה) בתמורה להעברת מלוא הזכויות בשותפות, תנפיק קפריקורן לבעלי יחידות ההשתתפות בשותפות כמות כוללת של 2,743,608,891 מניות חדשות, בהתאם ליחס ההחלפה, וכן תנפיק לשותף הכללי 274,388 מניות נוספות בגין זכויותיו בהון השותפות (0.01%), בהתאם ליחס ההחלפה (להלן יחד: "מניות התמורה").

1.2. בהסכם נקבעו הוראות לפיהן תבוצענה התאמות מסוימות ביחס ההחלפה, במקרה שלאחר תאריך חתימת ההסכם ולפני השלמת העסקה: (א) יחול שינוי בהון יחידות ההשתתפות המונפק של השותפות או בהון המניות המונפק של קפריקורן; (ב) קפריקורן תבצע חלוקה ותשלומים קשורים נוספים מעבר לסך של 620 מיליון דולר; או (ג) השותפות תבצע חלוקה מעבר לסך של 55 מיליון דולר בכל רבעון קלנדרי, והכל בכפוף לכך שהשיעור שתהווה מניות התמורה בהון המונפק הכולל של החברה המאוחדת לאחר השלמת העסקה לא יעלה על 90%.

1.3. העסקה מותנית בהתקיימות התנאים המתלים שנקבעו בהסכם (או ויתור עליהם אם נקבעה בהסכם זכות לכך) (להלן: "התנאים המתלים"), ובכלל זאת התנאים הבאים: (א) אישור ההסדר כמשמעותו להלן, על-ידי האסיפה הכללית של בעלי יחידות ההשתתפות בשותפות ברוב הנדרש; (ב) קבלת צו שר המשפטים לפי סעיף 351א(ב) לחוק החברות; (ג) אישור

ההסדר על-ידי בית המשפט; (ד) אישור העסקה על-ידי אסיפת בעלי המניות של קפריקורן בהחלטה רגילה; (ה) אישור הרגולטורים באנגליה (FCA) ואישור בורסת לונדון (LSE), לרבות לרישום מניות התמורה ורישום חוזר של יתר מניות קפריקורן, אשר כולל את אישור התשקיף הבריטי של קפריקורן לצורך זה; (ו) אישור רשות ניירות ערך ובורסת תל אביב לרישום כפול של מניות קפריקורן בבורסת תל אביב בהתאם לפרק ה'3 לחוק ני"ע, ובכלל זאת אישורים לתשקיף ו/או מסמך רישום של קפריקורן, כפי הנדרש; (ז) קבלת החלטת מיסוי מקדמית מרשות המיסים בישראל בקשר לעסקה; (ח) קבלת כל האישורים הנדרשים לפי דין ו/או הסכם, כפי שנדרש, בין היתר, בקשר לנכסי הנפט המוחזקים על-ידי הצדדים במדינות בהן הצדדים פועלים, ובכלל זה ישראל, מצרים, קפריסין, בריטניה ומדינות אחרות; (ט) קבלת האישורים, ככל שיידרשו, להסרת השעבודים שחלים על יחידות ההשתתפות שבבעלות קבוצת דלק בע"מ, בעלת השליטה בשותפות<sup>2</sup> (להלן: "קבוצת דלק"); (י) קבלת אישורים נוספים, ככל שיידרשו; (יא) לא התקיים שינוי מהותי לרעה (כהגדרתו בהסכם) לגבי מי מהצדדים; (יב) לא בוצעו הפרות של התחייבויות תקופת הביניים והתחייבויות טרום השלמה (כהגדרתן להלן) או הפרה מהותית של מצגים על-ידי מי מהצדדים; וכן תנאים מתלים נוספים, כמקובל בעסקאות מסוג זה.

1.4. ההסכם כולל מצגים הדדיים שניתנו על-ידי הצדדים, במתכונת המקובלת באנגליה בעסקאות הנערכות בין תאגידים ציבוריים מדווחים (להלן: "המצגים"), וכן כולל ההסכם התחייבויות בקשר עם התנאים להשלמת העסקה (להלן: "התחייבויות טרום השלמה"), והתחייבויות המשפיעות על התנהגות הצדדים ביחס לתקופת הביניים שתחילתה במועד חתימת ההסכם וסיומה בהשלמת העסקה (להלן: "תקופת הביניים" ו-"התחייבויות תקופת הביניים", בהתאמה), ובכלל זאת התחייבות הצדדים לעשות את כל המאמצים הסבירים לקיום התנאים המתלים עד לא יאוחר מיום 30.6.2023, ולפעול לצורך כך בשיתוף פעולה, היועצות ושיתוף מידע.

כמקובל בעסקאות מסוג זה, התחייבויות תקופת הביניים כוללות, בין היתר, התחייבות הצדדים להמשיך ולפעול (א) במהלך העסקים הרגיל, (ב) בהתאם להתנהלות עבר בכל היבט מהותי, ו- (ג) בקשר עם קפריקורן בלבד - בהתאם לתקציב ולתוכנית העסקית של קפריקורן; התחייבות שלא לבצע שינויים מסוימים בהון המניות או בהון יחידות ההשתתפות, לפי העניין, ולא לבצע שינויים במסמכי ההתאגדות של הצדדים; מגבלות מסוימות על ביצוע חלוקות, כמפורט לעיל; איסור על רכישת עסקים, זכויות או התחייבויות או ביצוע השקעות או גריעה של נכסים, או נטילת חובות, ויתור או המחאת חובות, או העמדת ערבויות, שיפויים או מתן בטחונות להבטחת חובות או התחייבויות של אדם אחר, והכל בהיקפים שעולים על הסכומים שנקבעו בהסכם. מעשה, מחדל, עסקה או פעולה לא ייחשבו להפרה של התחייבויות תקופת הביניים אם נעשו לפי בקשתו בכתב או לאחר קבלת אישורו בכתב של הצד השני, אשר לא יעוכב מטעמים לא סבירים. התחייבויות תקופת הביניים כוללות גם מגבלות והתחייבויות מקובלות נוספות, בכפוף לסייגים וחריגים מסוימים אשר פורטו בהסכם.

<sup>2</sup> מקבוצת דלק נמסר כי בכוונתה להחליף את השעבודים הקיימים על יחידות ההשתתפות בשעבודים חדשים על מניות קפריקורן שיוקצו לה.

1.5. בהסכם נקבע כי לאחר השלמת העסקה, לא ניתן יהיה להגיש תביעות בגין הפרת המצגים או הפרה של התחייבויות טרום ההשלמה (א) כל עוד קפריקורן נמצאת במהלך תקופת ה- Code Offer<sup>3</sup>; (ב) בגין כל עילה שעובדותיה, עניינה או נסיבותיה נוצרו במהלך תקופה זו, ו- (ג) בקשר עם התחייבויות טרום ההשלמה אשר אינן מהוות הסדר מותר תחת UK City Code on Takeovers and Mergers, כך שבכל המקרים הסעד היחיד שיעמוד לצד הנפגע יהיה הזכות לסיים את ההסכם.

1.6. בהסכם נקבעו הוראות בדבר זכויות הצדדים לסיים את ההסכם, ובכלל זאת נקבע כי השותפות או קפריקורן רשאיות לסיים את ההסכם במקרה שדירקטוריון קפריקורן או דירקטוריון השותף הכללי, לפי העניין, ישנה את החלטתו להמליץ בפני האסיפה הכללית של בעלי מניות קפריקורן או של בעלי יחידות ההשתתפות בשותפות, לפי העניין, לאשר את העסקה, או במקרה של הפרה מהותית מצד קפריקורן או מצד השותפות של מצגים או של התחייבויות תקופת הביניים, וכן נקבע כי לשותפות ו/או לקפריקורן זכות לסיים את ההסכם במקרים מסוימים נוספים שפורטו.

1.7. בהסכם נקבע, כי הצדדים יפעלו על מנת להבטיח כי אופציות אשר הוענקו למר יוסי אבו, מנכ"ל השותף הכללי בשותפות, וטרם ימומשו עד להשלמת העסקה יומרו בהתאם למנגנון ההתאמה שנקבע בהם בהתקיים עסקה מסוג העסקה נשוא דוח זה, באופן שקפריקורן תיטול על עצמה את התחייבות השותפות כלפיו, כך ש: (א) אופציות למימוש ליחידות השתתפות שהוענקו למנכ"ל<sup>4</sup> יומרו לאופציות למימוש מניות קפריקורן; ו- (ב) קפריקורן תקבל על עצמה את התחייבויות השותפות בקשר לאופציות פאנטום שהוענקו למנכ"ל והבשילו אך טרם מומשו<sup>5</sup>, והכל ובהתאם לתנאי הסכם העסקה של המנכ"ל.

1.8. בהסכם נקבעו הוראות נוספות, כמקובל בהסכמים מסוג זה, ובין היתר, בנוגע לרכישת ביטוחי Run Off לנושאי משרה, שמירה על סודיות, פרסום הודעות, נשיאה בהוצאות (ובכלל זאת התחייבות של השותפות לשאת במחצית מהוצאות רגולטוריות מסוימות שקפריקורן תידרש לשלם לפני השלמת העסקה במקרה שהעסקה לא תושלם) ועוד.

1.9. ההסכם כפוף לדין האנגלי ונקבעה בו סמכות שיפוט בלעדית לבתי המשפט באנגליה בקשר עם כל סכסוך הנובע מההסכם או קשור לו.

## 2. החברה המאוחדת

2.1. דירקטוריון החברה המאוחדת יורכב מ- 10 דירקטורים, כדלקמן: (א) מר סיימון תומסון,

<sup>3</sup> בחודש יוני 2022 החליט דירקטוריון קפריקורן לאשר ולהמליץ לבעלי המניות לאשר הצעת השתלטות שהוגשה לו על- ידי Tullow Oil, חברה ציבורית מוגבלת אשר מניותיה רשומות בבורסת לונדון (להלן: "העסקה הקודמת"). נכון למועד הדוח, דירקטוריון קפריקורן אינו פועל לקידום הליכי האישור של העסקה הקודמת, המחייבים, בין היתר, כינוס אסיפת בעלי מניות ואישור מיוחד של אסיפת בעלי המניות. על אף שבמסגרת אישור ההתקשרות עם השותפות בעסקה הנוכחית חזר בו דירקטוריון קפריקורן מהמלצתו לאשר את העסקה הקודמת, הרי שעל-פי הדין האנגלי החל עליה, קפריקורן עדיין נמצאת כיום עקב העסקה הקודמת בתקופת "Code Offer", ועד לסיומה, בהתאם להוראות ה- UK City Code on Takeovers and Mergers, כפופה קפריקורן למגבלות מסוימות, ובכלל זאת איסור להתחייב לתשלום פיצויים למציע של עסקה אחרת הנוגדת את העסקה הקודמת.

<sup>4</sup> לפרטים בדבר האופציות האמורות שהוענקו למר אבו ותנאיהן ראו בדיווח מיום 29.9.2022 (מס' אסמכתא: 2022-01-121942) ודוח זימון האסיפה מיום 15.8.2022 (מס' אסמכתא: 2022-01-103582).

<sup>5</sup> התחייבויות השותפות חלות רק ביחס למנה השלישית של אופציות הפאנטום שהוענקו למר אבו בשנת 2019, אשר הבשילה בתחילת יוני 2022, כאשר ההתחייבות ביחס לשתי המנות הראשונות של האופציות האמורות חלות על השותף הכללי. לפרטים בדבר אופציות הפאנטום ותנאיהן ראו בדוח זימון אסיפה מיום 10.7.2019 (מס' אסמכתא: 2019-01-057213).

מנכ"ל קפריקורן הנוכחי, אשר יכהן כיו"ר הדירקטוריון; (ב) מר יוסי אבו, מנכ"ל השותף הכללי בשותפות, אשר יכהן כמנכ"ל החברה המאוחדת; (ג) מר ג'יימס סמית, סמנכ"ל הכספים הנוכחי של קפריקורן, אשר יכהן כסמנכ"ל הכספים של החברה המאוחדת; (ד) שני דירקטורים non-executive אשר ימונו על-ידי קבוצת דלק; ו- (ה) חמישה דירקטורים non-executive בלתי תלויים, כהגדרתם בד"ר האנגלי.

2.2. החברה המאוחדת תאמץ מדיניות חלוקת רווחים, לפיה מדי שנה, בכפוף למגבלות על חלוקה שתחולנה על החברה על-פי דין, מגבלות חוזיות שתחולנה על החברה (ככל שיהיו כאלה) והתחייבויות אחרות, תחלק החברה המאוחדת דיבידנד לבעלי מניותיה בשיעור של לכל הפחות 30% מהתזרים הפנוי המתואם (Free Cash Flow) (להלן: "FCF"). ה-FCF מייצג את תזרים המזומנים התפעולי המאוחד של החברה המאוחדת בניכוי עלות השקעה לשמירה על הקיים לנכסים שוטפים והוצאות ריבית על החוב. השקעות הוניות הנדרשת לצמיחה (כדוגמת השקעות בשלב 1ב' לתוכנית הפיתוח של פרויקט לויתן, השקעות במאגר ופיתוח מאגר אפרודיטה וכו'), אינן מנוכות מה-FCF.

2.3. על-פי האסטרטגיה של החברה המאוחדת, האזורים הגיאוגרפיים בהם היא צפויה למקד את פעילותה יהיו בעיקר המזרח התיכון, צפון אפריקה ומדינות הגובלות בים התיכון.

2.4. לאחר השלמת העסקה, צפויה החברה המאוחדת להחזיק במגוון רחב של תגליות ונכסי אקספלורציה, בעיקר במדינות המזרח התיכון וצפון אפריקה. פורטפוליו הנכסים של החברה המאוחדת יתמקד בנכסי גז טבעי, באזור שרמת הביקושים בו לגז טבעי הולכת וגדלה, ובשעה שהגז הטבעי הנוזלי (LNG) הופך למוצר סחיר (Commodity) אסטרטגי בשוק הגלובאלי. תזרימי המזומנים של החברה המאוחדת מנכסיה, ובעיקר מפרויקט לויתן, צפויים להיות ארוכי טווח ויציבים, לאפשר לחברה המאוחדת לבצע השקעות חדשות ובמקביל לכך לחלק דיבידנדים למשקיעים באופן שוטף.

כמו כן, המיקוד בנכסי גז טבעי במדינות האזור, אף עשוי למצב את החברה המאוחדת כהזדמנות השקעה ייחודית בעיני המשקיעים המוסדיים בבורסת לונדון, בשים לב לחשיבות הגוברת של אסטרטגיית ה-ESG שלהם.

### 3. אישור העסקה בוועדת הביקורת ובדירקטוריון השותף הכללי

3.1. ההתקשרות בהסכם לצירוף עסקים עם קפריקורן אושרה על-ידי ועדת הביקורת ודירקטוריון השותף הכללי ביום 28.9.2022. החלטה זו התקבלה, בין היתר, לאחר השלמת בדיקת נאותות של עסקי קפריקורן ונכסיה ובחינה מעמיקה של תנאי העסקה ויתרונותיה האפשריים. לצורך כך, הסתייעו ועדת הביקורת, דירקטוריון השותף הכללי והנהלת השותפות ביועצים חיצוניים ומומחים אשר נתנו לשותפות, בין היתר, שירותי ייעוץ טכני, כלכלי, משפטי, חשבונאי, מיסויי וביטוחי.

3.2. יחס ההחלפה שבין יחידות ההשתתפות בשותפות למניות קפריקורן נקבע במשא ומתן בין הצדדים, בהתבסס, בין היתר, על שווי תזרים המזומנים המהווה של העתודות מסוג 2P של נכסי התאגידים המתמזגים, בהתבסס על פרסומיהם (Stand Alone), קרי מבלי להביא בחשבון סינרגיה), והוא נתמך, בין היתר, על-ידי חוות דעת הוגנות (Fairness Opinion) בדבר סבירות יחס ההחלפה, אשר ניתנה לדירקטוריון השותף הכללי על-ידי JP Morgan,

בנק ההשקעות אשר שימש כיועץ הפיננסי של השותפות בקשר עם העסקה.

3.3. בהחלטתם לאשר את העסקה ציינו ועדת הביקורת ודירקטוריון השותף הכללי, בין היתר, את היתרונות הבאים מהעסקה:

א. העסקה מתיישבת עם החזון והאסטרטגיה ארוכת הטווח של השותפות להפוך חברת אנרגיה גלובלית המתמקדת באזורי המזרח התיכון וצפון אפריקה עם עתודות ומשאבים פזורים באזורים אלו.

ב. השותפות תהנה מניסיונה העשיר של קפריקורן כמפעילה עם ניסיון מוכח בשלבי האקספלורציה.

ג. הרישום בבורסת לונדון מאפשר לחברה המאוחדת חשיפה לבסיס משקיעים רחב יותר, גישה טובה יותר להון ולחוב גלובלי, והרחבת הגמישות הפיננסית לקבל החלטת השקעה בפיתוח שלב 1' לתוכנית הפיתוח של פרויקט לווייתן ומאגר אפרודיטה.

ד. חשיפת נכסי השותפות לכיסוי לאנליסטים בינלאומיים המסקרים חברות נפט וגז הנסחרות בבורסות המובילות בעולם.

ה. שיפור הסחירות בניירות הערך של החברה המאוחדת.

ו. פוטנציאל סינרגיה במזרח התיכון וצפון אפריקה.

ז. פוטנציאל חיסכון בעלויות תפעול.

3.4. לאור האמור לעיל, בהתאם להחלטת ועדת הביקורת והדירקטוריון, ההסדר המוצע, המבוסס על העסקה לצירוף העסקים עם קפריקורן, הוא לטובת השותפות ועשוי להיטיב עם כלל מחזיקי יחידות ההשתתפות.

3.5. במסגרת החלטותיהם, אישרו ועדת הביקורת והדירקטוריון את העסקה וכן את ההתקשרויות בקשר עם העסקה וההסדר המוצע אשר קבוצת דלק היא צד להם, או שיש לה בהם עניין אישי הטעונות אישורים כאמור, וכן רשמו בפניהם את נוסח ה-Relationship Agreement שנחתם בין קבוצת דלק ובעל השליטה בה לבין החברה המאוחדת,<sup>6</sup> כמתחייב על-פי כללי הרישום החלים על חברה הרשומה למסחר ברשימת ה-Premium בבורסת לונדון, ואת כתב ההתחייבות של קבוצת דלק לתמוך בהסדר המוצע בהצבעה באסיפה הכללית של בעלי יחידות ההשתתפות בשותפות. קבוצת דלק צפויה להחזיק בכ- 49.9% מהון מניות החברה המאוחדת, ותהא כפופה לתקופת חסימה של 12 חודשים ממועד השלמת העסקה, במהלכם לא תוכל למכור את מניותיה בחברה המאוחדת, בכפוף לחריגים שנקבעו ב- Relationship Agreement.

3.6. מובהר כי, בכפוף לאישור בית המשפט, ההסדר המעודכן יובא לאישור האסיפה הכללית של בעלי יחידות ההשתתפות בשותפות ברוב הנדרש לפי סעיף 350(ט) לחוק החברות, קרי רוב המשתתפים בהצבעה, למעט הנמנעים, שבידם יחד שלושה רבעים של הערך המיוצג בהצבעה, וכי בנוסף לכך החליטה השותפות, למען הזהירות, כי ההסכם יהיה כפוף גם לרוב

<sup>6</sup> ההתקשרות ב- Relationship Agreement נעשית בשל שיעור החזקותיה הצפוי של קבוצת דלק בחברה המאוחדת לאחר השלמת העסקה והינה תואמת את התנאים המקובלים בבורסת לונדון.

הנדרש לאישור עסקאות בהן לבעל השליטה עניין אישי בהתאם לסעיף 65א לפקודת השותפויות [נוסח חדש], התשל"ה-1975.

3.7. מצגת משקיעים משותפת לשותפות ולקפריקורן המפרטת את יתרונות התאגיד הממוזג תפורסם על-ידי השותפות. נוסח ההסכם המלא, לרבות הסכמים או מסמכים נלווים, יפורסם באתר האינטרנט קפריקורן ובאתר האינטרנט של השותפות.

#### 4. ההליכים לאישור ההסדר לפי סעיף 350 לחוק החברות

4.1. כמפורט בדיווחי השותפות בנוגע להליכים הקודמים שהתקיימו לאישור הסדר בשותפות לפי סעיף 350 לחוק החברות,<sup>7</sup> בהתאם להחלטות בית המשפט העליון הותר לשותף הכללי לכנס אסיפה כללית של בעלי יחידות ההשתתפות בשותפות לאישור ההסדר עד ליום 31.1.2023, ובלבד שאישור ההסדר על-ידי בית המשפט המחוזי מותנה במתן צו שר המשפטים לפי סעיף 351א(ב) לחוק החברות, אשר יכול שיינתן אף לאחר כינוס האסיפה.

4.2. בכוונת השותף הכללי לפנות בימים הקרובים לבית המשפט המחוזי בבקשה למתן הוראות במסגרתה יוצגו השינויים שנערכו בהסדר המוצע בעקבות חתימת ההסכם לצירוף עסקים עם קפריקורן, ולבקש את אישור בית המשפט לפעול לכינוס האסיפה הכללית לאישור ההסדר המעודכן, בהתאם להחלטתו הקודמת של בית המשפט המחוזי מיום 27.12.2021 והחלטות בית המשפט העליון הנ"ל. הבקשה למתן הוראות שתוגש לבית המשפט המחוזי על נספחיה תפורסם על-ידי השותפות במסגרת דיווח מיידית.

4.3. בכפוף לאישור בית המשפט המחוזי לבקשה הנ"ל, זימון האסיפה הכללית של בעלי יחידות ההשתתפות בשותפות צפוי להתפרסם במקביל לפרסום הזימון לכינוס האסיפה הכללית של בעלי המניות של קפריקורן לאישור העסקה, וזאת, בין היתר, בהתאם למועדים בהם יתקבלו האישורים הנדרשים לפרסום התשקיף של קפריקורן באנגליה ובישראל, אשר יכלול פרטים בדבר החברה המאוחדת, לאחר השלמת העסקה.

4.4. בנוסף לתשקיף קפריקורן, אשר יפורסם כאמור לפני כינוס האסיפות הכלליות בשותפות ובקפריקורן, דוח זימון האסיפה שיפורסם צפוי לכלול מידע נוסף לגבי העסקה והשלכותיה על בעלי יחידות ההשתתפות בשותפות, בין היתר, בנוגע לכללי הממשל התאגידי שיחולו על החברה המאוחדת לאחר השלמת העסקה בצירוף טבלת השוואת דינים, פרטים בדבר מדיניות חלוקת הרווחים שתאמץ החברה המאוחדת, השלכות המס הנובעות מהעסקה (לרבות פרטים בדבר החלטת המיסוי שתתקבל בקשר לעסקה), מדיניות התגמול שתחול על החברה המאוחדת ופרטים נוספים לפי הנחיות רשות ניירות ערך, ככל שיהיו.

4.5. להערכת השותף הכללי, כינוס האסיפות הכלליות בשותפות ובקפריקורן עשוי להתאפשר ברבעון הראשון של שנת 2023, וככל שהעסקה תאושר על-ידי שתי האסיפות כאמור, ניתן יהיה לפעול סמוך לאחר מכן לקבלת אישור בית המשפט ויתר האישורים הנדרשים לעסקה, במטרה להשלימה במהלך הרבעון הראשון לשנת 2023.

<sup>7</sup> ראו, בין היתר, ביאור ט' לדוחות הכספיים התמציתיים ביניים ליום 30.6.2022 וסעיף 19 לעדכון פרק א' לדוח התקופתי לשנת 2021, אשר נכללו בדוח רבעון שני.

אזהרת מידע צופה פני עתיד: מובהר כי, בשלב זה אין ודאות לגבי האפשרות להשלמת העסקה, התלויה, בין היתר, בקבלת אישורים רגולטוריים ואחרים שאינם בשליטת השותפות. המידע בנוגע לאפשרות להשלמת העסקה ולוח הזמנים להשלמה הינו בגדר "מידע צופה פני עתיד", כהגדרת מונח זה בחוק ניירות ערך, התשכ"ח-1968. מידע זה מבוסס על הערכות של השותף הכללי אשר עשויות שלא להתממש, או להתממש באופן שונה מהותית בשל אירועים שונים, שאינם בשליטת השותפות, לרבות שינויים בתנאי השוק או אי קבלת האישורים הרגולטוריים הנדרשים. עוד מובהר כי, בפועל, התנאים המתלים להשלמת העסקה, עשויים שלא להתממש, כולם או חלקם.

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#### *Information for US persons*

*The Transaction 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 Capricorn's new 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, such 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. Capricorn's new 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 the Partnership prior to, or of Capricorn after, the consummation of the Transaction will be subject to certain US transfer restrictions relating to the Combined Company's shares received pursuant to the Scheme.*

*The Partnership understands that Capricorn has not analyzed or determined the U.S. tax consequences to a US holder of receiving its shares pursuant to the Transaction, or owning such shares following the Transaction. In addition, the Partnership understands that 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 Transaction and ownership of Capricorn's 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 the Partnership 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 report 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 report. Any representation to the contrary is a criminal offence in the United States.*

בכבוד רב,

ניו-מד אנרג'י ניהול בע"מ

השותף הכללי בניו-מד אנרג'י - שותפות מוגבלת

על-ידי: יוסי אבו, מנכ"ל

שרי זינגר קאופמן, יועצת משפטית, סמנכ"לית בכירה

**NewMed Energy – Limited Partnership**  
**(the "Partnership")**

September 29, 2022

Israel Securities Authority	Tel Aviv Stock Exchange Ltd.
22 Kanfei Nesharim St.	2 Ahuzat Bayit St.
<u>Jerusalem</u>	<u>Tel Aviv</u>
Via Magna	Via Magna

Dear Sir/Madam,

Re: **Signing of an agreement for a business combination with Capricorn Energy PLC**

Further to Section 19 of the update to the chapter on the Partnership's business included in the Partnership's second quarter report for 2022, as published on August 18, 2022 (reference no.: 2022-01-104980) (the "**Second Quarter Report**"), regarding the possibility of entering into a transaction whereby the Partnership's assets would be registered for trade on the London Stock Exchange, by way of approval of a scheme of arrangement pursuant to Section 350 of the Companies Law, 5759-1999 (the "**Companies Law**"), the Partnership respectfully reports that on September 29, 2022, the Partnership and the general partner entered into a contingent agreement with Capricorn Energy PLC ("**Capricorn**" or the "**Company**"), for the performance of a transaction for a combination of the business of the Partnership and Capricorn (the "**Agreement**" and the "**Transaction**", respectively).

Capricorn is a publicly traded energy company incorporated in the United Kingdom, whose shares as of the date of this report are traded on the London Stock Exchange, as such term is defined in the Third Schedule to the Securities Law, 5728-1968 (the "**LSE**" and the "**Securities Law**", respectively). As of the report date, Capricorn holds interests in onshore oil and natural gas production assets in Egypt, and a number of additional oil and gas assets in the UK, Mauritania, Suriname, and Mexico and is traded on the LSE at a market capitalisation of approx. \$815 million as of the end of trading day on September 28, 2022.<sup>1</sup>

According to the terms and conditions of the Transaction, shortly before the closing of the Transaction, Capricorn is expected to distribute to its shareholders a special cash dividend and other associated payments in the sum of \$620 million, and after such distribution Capricorn will allocate to all of the holders of participation units in the Partnership and to

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<sup>1</sup>According to Capricorn's reports to the LSE investing public, Capricorn's interests in all of the petroleum assets that it holds include 2P reserves of 91 million BOE, pursuant to data published on December 31, 2021. Below are links to the Periodic Report of Capricorn for 2021 and to the Interim Report of Capricorn for H1/2022: <https://www.capricornenergy.com/investors/annual-report-2021/>

<https://tools.eurolandir.com/tools/Pressreleases/GetPressRelease/?ID=4160182&lang=en-GB&companycode=uk-cne&v=>

the general partner (which holds 0.01% of the Partnership's capital) new shares, in accordance with an exchange ratio of 2.337344 Capricorn shares for each participation unit (the "**Exchange Ratio**"), in consideration for the transfer of all rights of the limited partner and the general partner in the Partnership (100%) to Capricorn, such that following the closing of the Transaction, the Partnership will become a private corporation fully owned by Capricorn and will cease to be a Reporting Corporation, as such term is defined in the Securities Law.

Following the closing of the Transaction, the holders of participation unit in the Partnership (including the general partner) are expected to hold approximately 89.7% of the share capital of the consolidated company (the "**Consolidated Company**"). The Consolidated Company's shares are expected to be registered for trade on the premium listing segment of the LSE under the name NewMed Energy and are expected to be admitted to be listed on the Tel Aviv Stock Exchange by way of "double listing", in accordance with the provisions of Chapter E3 of the Securities Law.

The Transaction is conditional, *inter alia*, on the approval thereof in the framework of a scheme of arrangement pursuant to Section 350 of the Companies Law, to be implemented according and subject to the provisions of the Agreement, and which shall be subject to the approval of the meeting of the Partnership's participation unit holders at the required majority, as well as the approval of the District Court before which proceedings for the approval of the scheme of arrangement are held (the "**Court**").

As detailed in Section 5 below, the engagement in the Transaction was approved by the audit committee and the board of directors of the general partner on September 28, 2022. Capricorn's board of directors approved the engagement in the Transaction with the Partnership on September 28, 2022. A copy of the public report published by Capricorn in connection with the signature of the Agreement is attached hereto as **Annex A**.

Below are further details about the Transaction, the terms and conditions thereof and the proceedings for the approval of the Transaction in the context of a scheme of arrangement pursuant to Section 350 of the Companies Law.

## 1. **The business combination agreement**

Following is a concise description of the main provisions of the Agreement:

- 1.1. Subject to fulfillment of the Closing Conditions of the Transaction as detailed in Section 1.3 below, upon the closing of the Transaction: (a) the existing participation units shall be delisted from the stock exchange; (b) the trust agreement shall be terminated and the participation units shall be cancelled such that they shall cease to confer any rights whatsoever (subject to the right of the holders of participation units in the Partnership to receive the Consideration Shares, as defined below); (c) the general partner shall transfer to the ownership of Capricorn all of its rights as general partner of the Partnership, which include the rights of control and management of the Partnership, as well as a 0.01% equity interest in the Partnership, such that a wholly-owned subsidiary of Capricorn shall be appointed and serve as the Partnership's only general partner; (d) the limited partner shall transfer to the ownership of Capricorn all of its rights as limited partner of the Partnership, which include a 99.99% equity interest in the Partnership, such

that Capricorn shall become the Partnership's new limited partner; and (e) in consideration for the transfer of the full interests in the Partnership, Capricorn shall issue to the holders of the Partnership's participation units a total quantity of 2,743,608,891 new shares, in accordance with the Exchange Ratio, and shall issue to the general partner 274,388 additional shares for its interests in the Partnership's capital (0.01%) in accordance with the Exchange Ratio (collectively, the "**Consideration Shares**").

- 1.2. The Agreement includes provisions for certain adjustments to the Exchange Ratio in the event that after the date of signature of the Agreement and before the closing of the Transaction: (a) a change occurs in the Partnership's issued participation unit capital or in Capricorn's issued share capital; (b) Capricorn makes a distribution and other associated payments in excess of \$620 million; or (c) the Partnership makes a distribution of more than \$55 million in each calendar quarter, all subject to the Consideration Shares constituting no more than 90% of the total issued capital of the Consolidated Company following the closing of the Transaction.
- 1.3. The Transaction is contingent on the satisfaction of the closing conditions set forth in the Agreement (or waiver thereof if the Agreement establishes a right therefor) (the "**Closing Conditions**"), including the following conditions: (a) approval of the scheme of arrangement, within its meaning below, by the general meeting of the holders of participation units in the Partnership at the required majority; (b) receipt of an order of the Minister of Justice in accordance with Section 351a(b) of the Companies Law; (c) sanction of the scheme of arrangement by the Court; (d) approval of the Transaction by a simple majority of Capricorn's shareholders at the general meeting; (e) approval of the regulators in England (FCA) and approval of the LSE including for the listing of the Consideration Shares and re-admission of Capricorn's existing shares, which includes the approval of Capricorn's UK prospectus for this purpose; (f) approval by the Israel Securities Authority and Tel Aviv Stock Exchange for the double listing of the shares of Capricorn on the Tel Aviv Stock Exchange in accordance with Chapter E'3 of the Securities Law, including the approval of the prospectus and/or registration statement of Capricorn as required; (g) receipt of a pre-ruling from the Israel Tax Authority in connection with the Transaction; (h) receipt of all approvals required by law and/or contract, as required, *inter alia*, in connection with the petroleum assets held by the parties in the countries in which they operate, including Israel, Egypt, Cyprus, the UK and other countries; (i) receipt of approvals, insofar as required, for the removal of the pledges imposed on the participation units held by Delek Group Ltd., the control holder of the Partnership ("**Delek Group**");<sup>2</sup> (j) receipt of other approvals, insofar as required; (k) no material adverse change (as defined in the Agreement) transpired with respect to any of the parties; (l) no breach of the Interim Period Covenants and Pre-Closing Undertakings (as defined below), nor any material breach of

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<sup>2</sup> Delek Group has informed the Partnership that it intends to replace the existing pledges on its participation units with new pledges on the Capricorn shares that shall be allocated thereto.

Representations have been committed by any of the parties; and other standard closing conditions in transactions of this kind.

- 1.4. The Agreement includes mutual representations given by the parties, in the standard format in England for transactions carried out between publicly listed companies (the "**Representations**") and further includes undertakings in respect of the conditions for the closing of the Transaction ("**Pre-Closing Undertakings**"), as well as undertakings affecting the parties' behaviour in respect of the interim period commencing on the date of signing of the Agreement and ending at the closing of the Transaction (the "**Interim Period**" and the "**Interim Period Covenants**", respectively), including the parties undertaking to use all reasonable endeavours to achieve satisfaction of the Closing Conditions by and no later than June 30, 2023, and to this end to cooperate, consult and share information with one another.

In accordance with common practice for transactions of this kind, the Interim Period Covenants include, *inter alia*, an undertaking of the parties to continue operating (a) in the ordinary course of business (b) in all material respects consistently with past practice; and (c) in connection with Capricorn only, in accordance with Capricorn's budget and business plan; an undertaking not to carry out certain changes in the share capital or the participation unit capital, as applicable, or make any changes in the parties' documents of incorporation; certain restrictions on distributions, as detailed above; a prohibition on the acquisition of businesses, rights or undertakings or the making of investments or disposal of assets, or assumption of debts, waiver or assignment of debts, or provision of guarantees, indemnities or the giving of collateral to secure the debts or liabilities of another person, and all in scopes exceeding the amounts determined in the Agreement. No act, omission, transaction or action shall be deemed a violation of the Interim Period Covenants if it was undertaken at the written request or with the written consent of the other party, which shall not be unreasonably withheld or delayed. The Interim Period Covenants also include other standard restrictions and undertakings, subject to certain exceptions and exclusions specified in the Agreement.

- 1.5. The Agreement states that after the closing of the Transaction, no claims may be filed for the breach of the Representations or Pre-Closing Undertakings (a) for as long as Capricorn is subject to the code offer period;<sup>3</sup> (b) for any

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<sup>3</sup> In June 2022, the board of directors of Capricorn decided to approve and recommend to the shareholders to approve a takeover bid by Tullow Oil plc, a public limited company whose shares are listed on the LSE (the "**Previous Transaction**"). As of the date of this report, the board of directors of Capricorn is not working to promote the approval of the Previous Transaction which requires, *inter alia*, the convening of a shareholders meeting and special approval by the shareholders meeting. Despite the fact that in the framework for the approval of the engagement in the current Transaction with the Partnership the board of directors withdrew its recommendation to approve the Previous Transaction, according to English law governing the same, due to the Previous Transaction, Capricorn is still currently under a code offer period, and until the conclusion thereof, according to the provisions of the UK City Code on Takeovers and Mergers, Capricorn is subject to certain restrictions, including a prohibition to commit to the payment of damages to an entity proposing another transaction which conflicts with the Previous Transaction.

cause whose facts, subject matter or circumstances were established during such period; and (c) regarding Pre-Closing Undertakings which do not constitute a permitted arrangement under the UK City Code on Takeovers and Mergers, such that in each case the sole remedy which shall be available to the injured party shall be the right to terminate the Agreement.

1.6. The Agreement includes provisions regarding the parties' rights to terminate the Agreement, and in such context it was determined that the Partnership or Capricorn may terminate the Agreement if the board of directors of Capricorn or the board of directors of the general partner, as applicable, changes its recommendation to the general meeting of the shareholders of Capricorn or of the holders of participation units in the Partnership, as the case may be, to approve the Transaction, or in the event of a material breach by Capricorn or the Partnership of Representations or the Interim Period Covenants, and in addition, the Partnership and/or Capricorn are entitled to terminate the Agreement in other specific cases which were detailed.

1.7. The Agreement sets out that the parties will act to ensure that options that were granted to Mr. Yossi Abu, CEO of the general partner of the Partnership, and that have not been exercised by the closing of the Transaction, will be converted in accordance with the adjustment mechanism set out therein and triggered upon transactions such as the Transaction contemplated hereby, such that Capricorn will assume the Partnership's undertaking towards him, as follows: (a) options exercisable into participation units that were granted to the CEO<sup>4</sup> will be converted into options exercisable into shares of Capricorn; and (b) Capricorn will assume the Partnership's undertaking in respect of phantom options granted to the CEO that have vested but have not yet been exercised,<sup>5</sup> all in accordance with the terms of the CEO's employment agreement.

1.8. The Agreement contains other provisions, as is standard in agreements of this type, *inter alia* with respect to the taking out of run-off insurance policies for officers, confidentiality, the release of announcements, the bearing of expenses (including the Partnership's undertaking to bear 50% of certain regulatory expenses that Capricorn shall be required to pay before the closing of the Transaction in the event that the Transaction shall not be consummated), and more.

1.9. The Agreement is governed by English law and grants exclusive jurisdiction to the courts in England to settle any dispute arising from or connected with the Agreement.

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<sup>4</sup> For details regarding the abovementioned options that were granted to Mr. Abu and their conditions see report from September 29, 2022 (reference no.: 2022-01-121942) and the notice of meeting report dated August 15, 2022 (reference no.: 2022-01-103582).

<sup>5</sup> The Partnership's obligations apply only to the third installment of the phantom options granted to Mr. Abu in 2019, which vested in early June 2022, while the obligation in respect of the first two installments of said options apply to the general partner. For information regarding the phantom options and the terms and conditions thereof, see the notice of meeting report dated July 10, 2019 (reference no.: 2019-01-057213).

## 2. **The Consolidated Company**

- 2.1. The Consolidated Company's board of directors shall comprise 10 directors, as follows: (a) Mr. Simon Thomson, the current CEO of Capricorn, who shall serve as chairman of the board; (b) Mr. Yossi Abu, CEO of the Partnership's general partner, who shall serve as CEO of the Consolidated Company; (c) Mr. James Smith, the current CFO of Capricorn, who shall serve as CFO of the Consolidated Company; (d) two non-executive directors who will be nominated by Delek Group; and (e) five independent non-executive directors as defined under English law.
- 2.2. The Consolidated Company shall adopt a profit distribution policy, according to which each year, subject to restrictions on distributions that shall apply to the Company pursuant to law, contractual restrictions that shall apply to the Company (if any) and other undertakings, the Consolidated Company shall distribute a dividend to its shareholders equal to at least 30% of its free cash flow ("FCF"). FCF represents the Consolidated Company's combined operating cash flow, net of repair and maintenance investment costs for current assets and interest expenses on debt. Equity investments required for growth (for example investments in Phase 1B of the Leviathan project development plan, investments in the reservoir and development of the Aphrodite reservoir, etc.) are not deducted from FCF.
- 2.3. According to the strategy of the Consolidated Company, the geographical areas in which it is expected to focus its activities will be primarily the Middle East, North Africa and countries bordering the Mediterranean Sea.
- 2.4. After the closing of the Transaction, the Consolidated Company is expected to hold a broad range of discoveries and exploration assets, mainly in the Middle East and North Africa. The Consolidated Company's asset portfolio will focus on natural gas assets, in a region in which demand for natural gas is continually growing, and while liquefied natural gas (LNG) is becoming a strategic commodity on the global market. The Consolidated Company's cash flows from its assets, and mainly from the Leviathan project, are expected to be long-term and stable, to allow the Consolidated Company to make new investments and simultaneously distribute dividends to investors on a regular basis.

In addition, the focus on natural gas assets in countries in the area may also position the Consolidated Company as a unique investment opportunity in the eyes of the institutional investors in the LSE, considering the increasing importance of their ESG strategy.

## 3. **Approval of the Transaction by the audit committee and the board of directors of the general partner**

- 3.1. The engagement in a business combination agreement with Capricorn was approved by the audit committee and the board of directors of the general partner on September 28, 2022. This resolution was adopted, *inter alia*, after completion of a due diligence review of the business and assets of Capricorn and an in-depth examination of the terms and conditions of the

Transaction and its possible advantages. For this purpose, the audit committee, the board of directors and the management of the Partnership retained outside consultants and experts, who provided the Partnership, *inter alia*, with technical, economic, legal, accounting, tax and insurance consultation services.

3.2. The Exchange Ratio between the participation units in the Partnership and the Capricorn shares was established by negotiation between the parties, on the basis, *inter alia*, of the DCF value of the 2P reserves of the merging entities' assets, based on their publications (stand alone, i.e., without taking synergy into account) and is supported, *inter alia*, by a fairness opinion regarding the reasonableness of the Exchange Ratio, which was given to the board of directors of the general partner by JP Morgan, the investment bank which served as financial advisor to the Partnership in connection with the Transaction.

3.3. In their decision to approve the Transaction, the audit committee and board of directors of the general partner noted, *inter alia*, the Transaction's following advantages:

- (a) The Transaction is consistent with the Partnership's long-term strategy and vision to become a global energy company focusing on the Middle East and North Africa, with reserves and resources throughout these areas.
- (b) The Partnership will benefit from Capricorn's vast experience as an operator, with proven experience in the exploration stages.
- (c) Registration on the LSE will provide the Consolidated Company exposure to a wider base of investors, better access to global equity and debt, and additional financial flexibility to make investment decisions for the development of Phase 1B of the Leviathan project and the Aphrodite reservoir.
- (d) Exposing the Partnership's assets to coverage by international analysts reviewing gas and oil companies that are traded on the world's leading stock markets.
- (e) Improvement of the tradability of the securities of the Consolidated Company.
- (f) Synergy potential in the Middle East and North Africa.
- (g) Potential savings in operating costs.

3.4. In light of the above, and in accordance with the resolution of the audit committee and the board of directors, the proposed scheme of arrangement, which is based on the business combination transaction with Capricorn, is in the best interests of the Partnership and may benefit all of the holders of participation units.

3.5. In the context of their resolutions, the audit committee and the board of



directors approved the Transaction and the engagements in connection with the Transaction and the proposed arrangement to which Delek Group is a party, or in which it has a personal interest, which are subject to such approvals, and took note of the form of the Relationship Agreement signed between Delek Group and its controlling shareholder and the Consolidated Company,<sup>6</sup> as required according to the listing rules that apply to a company listed for trade on the premium listing segment of the LSE, as well as Delek Group's letter of undertaking to support the proposed arrangement in a vote at the general meeting of the Partnership's participation unit holders. Delek Group is expected to hold 49.9% of the share capital of the Consolidated Company, and will be subject to a 12-month lock-up period from the closing date of the Transaction, during which time Delek Group will not be able to sell its shares in the Consolidated Company, subject to exceptions set forth in the Relationship Agreement.

3.6. It is clarified that subject to approval of the Court, the updated scheme of arrangement will be presented for the approval of the general meeting of the holders of participation units in the Partnership by the required majority in accordance with Section 350(i) of the Companies Law, i.e. a majority of participants in the vote, excluding abstaining votes, holding together 75% of the value represented in the vote, and that the Partnership decided, for the sake of caution, that the Agreement would be subject also to the majority required for the approval of transactions in which the holder of control has a personal interest, under Section 65(51) of the Partnerships Ordinance (New Version), 5735-1975.

3.7. A joint investors presentation of the Partnership and Capricorn detailing the advantages of the merged entity will be published by the Partnership. The full language of the Agreement, as well as agreements or ancillary documents, will be published on Capricorn's website and on the Partnership's website.

#### **4. The proceedings for approval of a scheme of arrangement pursuant to Section 350 of the Companies Law**

4.1. As specified in the Partnership's reports regarding previous proceedings conducted for the approval of a scheme of arrangement in the Partnership in accordance with Section 350 of the Companies Law<sup>7</sup>, in accordance with decisions of the Supreme Court, the general partner was permitted to convene a general meeting of the holders of the Partnership's participation units for approval of the scheme by January 31, 2023, provided that approval of the scheme by the District Court is subject to the issuance of an order of the Minister of Justice pursuant to Section 351a(b) of the Companies Law, which may even be given after the convening of the

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<sup>6</sup> Engagement in the Relationship Agreement is done because of Delek Group's expected holdings in the Consolidated Company following the closing of the Transaction and is consistent with standard conditions on the LSE.

<sup>7</sup> See, *inter alia*, Note 9 to the Condensed Interim Financial Statements as of June 30, 2022 and Section 19 to the update to Chapter A of the Annual Report for 2021, which was included in the Second Quarter Report.

meeting.

- 4.2. The general partner intends, in the coming days, to file with the District Court a motion for instructions, which shall present the changes made to the proposed scheme of arrangement following the signing of the business combination agreement with Capricorn, and to move the Court to approve the convening of the general meeting for approval of the updated arrangement, in accordance with the District Court's previous decision of December 27, 2021 and the said decisions of the Supreme Court. The motion for instructions that shall be filed with the District Court, including its exhibits, will be published by the Partnership in the context of an immediate report.
- 4.3. Subject to the District Court's approval of the said motion, the notice of the general meeting of the holders of the Partnership's participation units is expected to be released concurrently with the release of the notice of the convening of the general meeting of the shareholders of Capricorn for approval of the Transaction, *inter alia* in accordance with the dates of receipt of the approvals required for publication of the prospectus of Capricorn in the UK and in Israel, which shall include information regarding the Consolidated Company, after the closing of the Transaction.
- 4.4. In addition to the Capricorn prospectus that shall be published as aforesaid prior to the convening of the general meetings of the Partnership and Capricorn, the notice of meeting report that shall be released is expected to include additional information regarding the Transaction and its implications for the holders of the Partnership's participation units, *inter alia* with respect to the corporate governance rules that shall apply to the Consolidated Company after the closing of the Transaction, together with a law comparison table, details regarding the profit distribution policy to be adopted by the Consolidated Company, the tax consequences deriving from the Transaction (including details regarding the tax ruling that shall be received in connection with the Transaction), the compensation policy that will apply to the Consolidated Company and further details in accordance with instructions of the Israel Securities Authority, if any.
- 4.5. In the estimation of the general partner, the convening of the general meetings of the Partnership and Capricorn may be possible during the first quarter of 2023, and insofar as the Transaction is approved by the two meetings as aforesaid, it will be possible to take action shortly thereafter to obtain the Court's approval and the other approvals required for the Transaction, with the aim of closing the Transaction during the first quarter of 2023.

**Caution regarding forward-looking information: It is clarified that at this stage there is no certainty as to the possibility of closing the Transaction, which is dependent, *inter alia*, on obtaining regulatory and other approvals which are beyond the Partnership's control. The information regarding the possibility of closing the Transaction and the timetable for closing constitute forward-looking information, as such term is defined in the Securities Law, 5728-1968. This information is based on estimates of the general partner, which may not materialize, or materialize in a materially different manner due to various events which are beyond the**

**Partnership’s control, including changes in the market conditions or non-receipt of the required regulatory approvals. It is further clarified that in practice, the Transaction’s Closing Conditions may not be fulfilled, in whole or in part.**

*This announcement is not intended to, and does not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction.*

#### *Information for US persons*

*The Transaction 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.*

*Capricorn’s new 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, such 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. Capricorn’s new 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 the Partnership prior to, or of Capricorn after, the consummation of the Transaction will be subject to certain US transfer restrictions relating to the Combined Company’s shares received pursuant to the Scheme.*

*The Partnership understands that Capricorn has not analyzed or determined the U.S. tax consequences to a US holder of receiving its shares pursuant to the Transaction, or owning such shares following the Transaction. In addition, the Partnership understands that 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 Transaction and ownership of Capricorn’s 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 the Partnership 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 report 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 report. Any representation to the contrary is a criminal offence in the United States.*

Sincerely,  
**NewMed Energy Management Ltd.**  
**General Partner of NewMed Energy – Limited Partnership**

By: Yossi Abu, CEO  
Sari Singer Kaufman, General Counsel, Senior VP



**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF THAT JURISDICTION**

**THIS IS AN ANNOUNCEMENT AND NOT AN OFFER TO SELL OR AN INVITATION TO PURCHASE OR SUBSCRIBE FOR ANY SECURITIES NOR A CIRCULAR OR PROSPECTUS OR EQUIVALENT DOCUMENT AND INVESTORS AND PROSPECTIVE INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION ON THE BASIS OF ITS CONTENTS. A CIRCULAR AND PROSPECTUS IN RELATION TO THE TRANSACTION DESCRIBED IN THIS ANNOUNCEMENT WILL EACH BE PUBLISHED IN DUE COURSE.**

**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<sup>1,2</sup> immediately prior to Completion of the Combination.

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<sup>1</sup> Based on foreign exchange rates on 28 September.

<sup>2</sup> 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/share<sup>3</sup>, 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

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<sup>3</sup> 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 2040<sup>4</sup>; Ultra low scope 1 & 2 emissions from Leviathan of ~1.7kgCO<sub>2</sub>/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.”

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<sup>4</sup> 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 <sup>5</sup>

## Enquiries:

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<sup>5</sup> 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](http://www.Capricornenergy.com) and [www.NewMedEnergy.com](http://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](http://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](http://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](http://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<sup>6,7</sup>.

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**

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<sup>6</sup> Based on foreign exchange rates on 28 September.

<sup>7</sup> 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](http://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