

## **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

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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=>

Partnership and to 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 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,

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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.

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 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

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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.

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.

## 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

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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).

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

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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.

Section 351a(b) of the Companies Law, which may even be given after the convening of the 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