This immediate report is a translation of NewMed Energy - Limited Partnership's Hebrew-language immediate report, prepared solely for convenience purposes. Please note that the Hebrew version is the binding version, and in any event of discrepancy, the Hebrew version shall prevail.

In the Tel Aviv-Jaffa District Court C.C 5726-05-21
Before the Economic Department Before Honorable Judge Altuvia

Sections 350 and 351 of the Companies Law, 5759[-1999], and the Companies Regulations (Motion for Settlement or Arrangement), 5762-2002

1. **Delek Drilling Management (1993) Ltd., P.C. 511798407**
2. **Delek Drilling Trusts Ltd., P.C. 511803876**
   Both by counsel Agmon & Co., Rosenberg HaCohen & Co., Attorneys-at-Law
   whose address for service of process is Technology Park, Building 1, Entrance C
   1 Agudat Sport HaPoel Road, Malcha, Jerusalem, Zip Code 92149
   Tel.: 02-5607607; Fax: 02-5639948

The Petitioners

Delek Drilling – Limited Partnership Public Limited Partnership No. 550013098
The Partnership

1. **Delek Group Ltd.**
   By counsel Pinhas Rubin and Yaron Elhawi of Gornitzky & Co.
   Vitania Tower, 20 HaCharash Street, Tel Aviv 67692107
   Tel.: 03-710919; Fax: 03-5606555
2. **The Israel Securities Authority**
   By counsel Liav Weinbaum of the Tel Aviv District Attorney's Office (Civil)
   Kardan House, 154 Menachem Begin Street, Tel Aviv 6492107
   Tel.: 073-3924888; Fax: 02-6448005
3. **Tel Aviv Stock Exchange Ltd.**
   2 Ahuzat Bayit Street, Tel Aviv 652521
   Tel.: 076-8160411; Fax: 03-5105379
4. **The Commissioner of Insolvency and Financial Recovery**
   By counsel Roni Hirschenson et al
   2 HaShlosha Street, Tel Aviv 61090
5. **Ariel Yanko, I.D. 045566130**
6. **Amikam Reshef, I.D. 003433711**
7. **Drora Reshef, I.D. 005379383**
   By counsel Haim Sachs of 2 Weizmann Street, Tel Aviv 64239 (Floor 13)
   Tel.: 050-6217263; Fax: 03-6932012 haimsa@sachs-adv.com
8. **Cohen Gas & Oil Development Ltd., P.C. 520032970**
9. **Y.N.U. Nominee Company Ltd., P.C. 515258135**
10. **J.O.E.L. Jerusalem Oil Exploration Ltd., P.C. 520033226**
    By counsel Alex Hertman and/or Noam Zamir and/or Gal Kelner of S. Horowitz & Co., Attorneys-at-Law
    31 Ahad HaAm Street, Tel Aviv 5520204
    Tel.: 03-5670700; Fax: 03-5660974

The Respondents

According to the Honorable Court's decision of October 18, 2022, response due by: October 31, 2022.

Signed on: October 31, 2022.

Response of Respondents 5-7 (the Group of Holders) to the Motion for Issuance of Instructions with respect to a Change in the Outline of the Arrangement

Response of Respondents 5-7 (the Group of Holders) to the Motion for Issuance of Instructions with respect to a Change in the Outline of the Arrangement

In accordance with the Honorable Court's decision of October 18, 2022, Respondents 5-7 (the "**Group of Holders**") respectfully submit their response to the motion for issuance of instructions with respect to a change in the outline of the arrangement, which motion was filed by the Petitioners on October 6, 2022.

[-]

Adv. Haim Sachs
Counsel for the Group of Holders

1. It is the Group of Holders' position that there is no call for authorizing, at this stage, the convening of a general meeting of the participation unit holders for approval of the current restructuring outline prior to the issuance of an order by the Minister of Justice. This new motion **is not consistent** with the agreed outline in the Supreme Court's decision on the appeal (the judgment on the appeal is attached to the Motion as **Exhibit 3**).

2. In the appeal proceedings, the argument of the Group of Holders, which was supported by the Israel Securities Authority (ISA), was accepted, whereby an outline for the restructuring of a public limited partnership **could not** be approved under the provisions of Section 350 of the Companies Law. In order to apply Section 350 of the Companies Law to a corporation other than a company, it is required that the **Minister of Justice issue an order by his power pursuant to Section 351A(b) of the Companies Law**, which prescribes that the Minister of Justice may "by order, apply the provisions of this chapter [Settlement or Arrangement, the undersigned] to another specific corporation"[1].

3. In the judgment on the appeal, it was held as follows:

> **Approval of the composition with the creditors proposed by the District Court is contingent on the issuance of the order by the Minister of Justice (the "Minister") pursuant to Section 351A.(b) of the Companies Law (the "Order"), and subject to the conditions to be specified in this Order, to the extent issued** (paragraph B of the judgment on the appeal which is attached as **Exhibit 3** to the Motion)

4. The high road requires **first** a request to the Minister of Justice directing the application of the provisions of the Settlement or Arrangement chapter, and it is only thereafter, by virtue of the order issued by the Minister of Justice, that the Court is authorized to order the convening of a meeting and the remaining provisions of the Settlement and Arrangement chapter will apply in accordance with the conditions specified in the Minister of Justice's order.

5. However, **for purposes of settlement of the appeal** and **solely** in the context of the **specific motion that had been on the table**, the Group of Holders and the ISA did not object to the convening of a meeting prior to the application to the Minister of Justice.

6. The Supreme Court was aware of the difficulty in convening a meeting under the provisions of Section 350 of the Companies Law **before** the Minister of Justice applied, by means of an order, the provisions of the Settlement and Arrangement chapter to the Partnership, and therefore specified a **time limit** for the convening of the meeting. At first it was determined that authorization to convene the special meeting be given until September 22, 2002 [sic] (the last part of paragraph A of the judgment on the appeal), and subsequently thereto,

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[1] It is clarified that the Supreme Court **has not** determined hard and fast rules with respect to the mere question of the Minister of Justice's power to issue an order in the context of a public limited partnership. This question was not relevant to the decision on the original motion or on the appeal, and therefore, on this issue too, the Supreme Court held that "the gamut of the rights and claims of the parties are reserved ... and with respect to the decision **of the Minister on the order**" (paragraph C of the judgment on the appeal which is attached to the Motion as **Exhibit 3**).

in the decision of August 17, 2022, an extension was granted for the convening of the meeting in accordance with this outline by January 31, 2023 (the decision of August 17, 2022 to grant an extension is attached to the Motion as **Exhibit 4**).

7. This means that a motion to convene a special meeting can be filed **after** the time allotted by the Supreme Court only **after** the Minister of Justice issues an order that allows for application of the provisions of the Settlement and Arrangement chapter to the Partnership (including Section 350(a) of the Companies Law which prescribes the convening of a meeting). Furthermore, there was clearly no intention to allow for the convening of a meeting prior to the issuance of an order by the Minister of Justice by a new and different motion which had not been laid before the Supreme Court.

8. If the motion concerned were the **original** motion that had been filed by the Petitioners, there would arise no objection on the part of the Group of Holders to the convening of a meeting in accordance with the outline agreed upon at the Supreme Court. This, however, is not the case. The motion concerned is a **new motion that materially differs from the motion that had been filed initially**. The Supreme Court did not intend to give the Partnership a *carte blanche* to present a new arrangement to the Group of Holders before the receipt of an order from the Minister of Justice. The Group of Holders would not have agreed in the context of the settlement proposal that had been put forward before the Supreme Court to allow the Partnership to present to the holders a new and different proposal under the guise of a "change in the outline of the arrangement". This is not a change of the original arrangement, but rather a new and different arrangement for the performance of restructuring as shall be promptly clarified.

9. In order to understand the material differences proposed in the new arrangement as compared with the original arrangement, the veil must be removed off the new arrangement. The Petitioners have presented to the Court a picture that is merely partial. We shall try below to present the Court with a fuller and more accurate picture of the new outline.

10. The Petitioners present the new outline as an "exceptional" business opportunity that "may significantly improve and upgrade the benefits of the original arrangement" (paragraph 11 of the Motion). In actuality, the picture is different. It is an arrangement designed, *inter alia*, to lift off the control holder of the Partnership the "burden" that the Companies Law imposes with respect to approval of transactions with controlling shareholders, and particularly with respect to the need to re-approve the "overriding royalty interest" in the transition from partnership to company.

11. In order to understand the legal engineering employed in favor of the General Partner under the guise of "an exceptional business opportunity", one should revisit another key issue discussed in the appeal before the Supreme Court, which is the question of the need to re-approve the "enterprise fee" (also referred to as "overriding royalty interest") in the transition from public partnership to public company.

12. On this issue, the position of the Group of Holders, the position of the ISA and the Deputy Attorney General (Economic) was that the provisions of Section 275(a1)(a) of the Companies Law apply to the payment of royalties to the General Partner and therefore, in the transition from partnership to company, the controlling shareholder of the company (which is the General Partner) will be required to present the royalty transaction for re-approval every three years. According to the provisions of the section, a transaction between a company and its controlling shareholder within the meaning thereof in Section 270(4) of the Companies Law, for a term exceeding three years, requires approval once every three years. As a result of the restructuring and the transition from partnership to company, there is a substantial risk that the General Partner will lose its entitlement to the enterprise fee since such payments are subject, as noted, to periodic approval by shareholders other than the controlling shareholder (a majority of the minority).

13. In the course of the hearing before the Supreme Court, the panel raised substantial difficulties with respect to the Honorable Court's rulings relating to the applicability of Section 275(a1)(a) of the Companies Law as pertains to the approval of the royalties. The Supreme Court held, as part of the settlement, that "the gamut of the rights and claims of the parties are reserved … (including as concerns the **question of the overriding royalty interest**)" (paragraph C of the judgment). To wit, the judgment of this Court with respect to the approval of the royalties in the transition from public partnership to public company is not peremptory.

14. In the absence of a **peremptory** ruling on the issue of the overriding royalty interest and given the comments of the Supreme Court and the clear and unequivocal position of the ISA and the Deputy Attorney General (Economic) regarding the "overriding royalty interest", the Petitioners realized that the previous outline they had proposed exposed the General Partner to a substantial risk of loss of the "overriding royalty interest". This being the case, the old outline ceased to be relevant from the General Partner's viewpoint. **The new outline circumvents the risk to which the General Partner is exposed of losing the overriding royalty interest in the transition from public partnership to public company**.

15. How so? Under the **new** outline, the Partnership will merge with a preexisting company listed under the premium segment. A merger in this way will allow the new company to completely evade the provisions of Section 39A(a) of the Securities Law, 5728-1968 (the "**Securities Law**"), which impose on a company incorporated outside of Israel and offering shares to the public in Israel a considerable part of the corporate governance provisions of the Companies Law (the provisions specified in Schedule 4 to the Securities Law).

16. Under the **previous** outline, a considerable part of the corporate governance provisions of the Companies Law would continue to apply to the new company. Under the original outline, the new company would be subject, *inter alia*, to the provisions of the Companies Law with respect to "transactions with officers and **a controlling shareholder**" and, *inter alia*, the provisions of Section 175(a1) which would subject the overriding royalty interest to periodic approval (see Item 16 of Part A of Schedule 4 and Item 14 of Part B of Schedule 4).

17. **The new outline removes off the new company the rigorous standards of the Companies Law which are designed to protect the rights of shareholders from among the public. Specifically, the new outline allows the General Partner to retain its entitlement to the "overriding royalty interest" without the royalty being presented for periodic approval in accordance with the provisions of Section 275(a1)(b) of the Companies Law**.

18. In view of this material change in itself – and given the fact that this is not a business opportunity that the Partnership has chanced upon by coincidence, but rather a calculated and premeditated move designed to generate an advantage for the General Partner – there is no call for allowing the Partnership to convene a general meeting before the receipt of an order from the Minister of Justice.

19. As a footnote, one cannot ignore the words of the Petitioners in the introduction of the Motion, whereby "the lasting delay in the arrangement approval proceedings … has mainly been caused due to the consistent objection to the convening of the meeting on the part of Respondents 5-7" (paragraph 3). This is a distortion of the truth.

20. In the letter of objection to the convening of the meeting filed by the Group of Holders, the holders pointed to two failures that justify the denial of the motion to convene a meeting. The first failure pertains to the applicability of Section 350 of the Companies Law to a public limited partnership. The second failure is a failure in the aspect of the **disclosure and reporting duties imposed on a reporting corporation in accordance with the provisions of the Securities Law and the regulations promulgated thereunder**. In essence, the Group of Holders pointed to the fact that the Petitioners had requested to convene a general meeting while not intending to disclose **all** of the information required thereof by law **when calling the meeting**.

21. The ISA joined the objection as well and determined that "the release of an invitation to a general meeting with only partial information, and the continued "trickling" thereof up to a short time before the convening of the meeting, is at odds with the purposes that underpin the dates prescribed by the law". The Honorable Court **accepted** this position and held that "upon the calling of a general meeting, the participation unit holders are entitled to all of the relevant information that will assist them in making an informed decision with respect to each of the sections of the proposed arrangement" (paragraph 28 of the judgment of December 27, 2021).

22. Ultimately, and even at the lapse of **more than one year** since the date of submission of the motion to call a meeting, the Petitioners were not prepared for calling a meeting with **all of the information required by law**. This arises from the Petitioners' notice in the framework of the "motion to strike the motion for stay of proceedings" filed with the Supreme Court, in which the Petitioners announced that "in any case, they require more time to complete the notice of meeting report and there is no certainty that the meeting will be called before the hearing" (paragraph 4 of the **agreed** motion to strike the motion for stay of proceedings and reservation of rights attached to the Motion as **Exhibit 2**).

23. That is to say, until the date on which the hearing was held at the Supreme Court (June 30, 2022), the Petitioners, according to their notice, had not been prepared for completion of the notice of meeting report and this has no connection with the proceedings conducted by the Group of Holders. In the absence of a stay of proceedings for the judgment, there was nothing delaying the convening of the meeting **to date** except for the restrictions **imposed by the law on a reporting corporation to disclose all of the material information** that will assist the participation unit holders to make an informed decision with respect to the proposed arrangement.

24. As the Petitioners acted then, so the Petitioners act now. Then too they sought to **urgently** summon a general meeting of the participation unit holders **before** they received the relevant approvals and before they had all of the information that they were obligated by law to disclose to the participation unit holders. It is the same now. The Petitioners wish to **urgently** promote the summoning of a meeting under a new outline which materially differs from the originally proposed outline by way of a shortcut **before** they apply for a Minister of Justice order.

25. The high road is, as noted, to apply to the Minister of Justice, who will examine the application and order the applicability of the provisions of the Settlement and Arrangement chapter of the law in a manner that is in line with that "specific corporation" – **including conditions and qualifications in aspects of protection of the public investors in a public limited partnership**.

26. In summary: As the matter concerns a new outline for restructuring, there is no pertinent justification to change the order of affairs prescribed by the legislator and the Petitioners have failed to show a justification to do so. Therefore, it is required to await the Minister of Justice's order, following which, to the extent that the order is issued, it will be possible to file a motion to convene a meeting in accordance with all the provisions of the law, including the conditions and qualifications the Minister of Justice shall determine in the context of the order.

Response to "Motion for Issuance of Instructions with respect to a Change in the Outline of the Arrangement"

Signed on: October 31, 2022

Due by: October 31, 2022 (in accordance with a decision of October 18, 2022)

In the Tel Aviv-Jaffa District Court **C.C 5726-05-21**
Before the Economic Department **Before Honorable Judge Altuvia**

Re:

1. **NewMed Energy Management Ltd. (formerly Delek Drilling Management (1993) Ltd.), P.C. 511798407**
2. **NewMed Energy Trusts Ltd. (formerly Delek Drilling Trusts Ltd.), P.C. 511803876**

   Both by counsel Agmon & Co., Rosenberg HaCohen & Co., Attorneys-at-Law
   whose address for service of process is Technology Park, Building 1, Entrance C
   1 Agudat Sport HaPoel Road, Malcha, Jerusalem, Zip Code 92149
   Tel.: 02-5607607; Fax: 02-5639948

The Petitioners

And re:

NewMed Energy – Limited Partnership

The Partnership

And re:

1. **Delek Group Ltd.**
   By counsel Pinhas Rubin and/or Yaron Elhawi
   Gornitzky & Co., Attorneys-at-Law
   Vitania Tower, 20 HaCharash Street, Tel Aviv 6761310
   Tel.: 03-7109191; Fax: 03-5606555
2. **The Israel Securities Authority**
   By counsel Liav Weinbaum
   The Tel Aviv District Attorney's Office (Civil)
   Kardan House, 154 Menachem Begin Street, Tel Aviv 6492107
   Tel.: 073-3924888; Fax: 02-6448005
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   2 Ahuzat Bayit Street, Tel Aviv 652521
   Tel.: 076-8160411; Fax: 03-5105379
4. **The Commissioner of Insolvency and Financial Recovery**
   By counsel Roni Hirschenson et al
   2 HaShlosha Street, Tel Aviv 61090
   Tel.: 03-6899695; Fax: 03-6462502
5. **Ariel Yanko, I.D. 045566130**
6. **Amikam Reshef, I.D. 003433711**
7. **Drora Reshef, I.D. 005379383**
   All three by counsel Haim Sachs

2 Weizmann Street (Floor 13), Tel Aviv 64239
Tel.: 050-6217263; Fax: 03-6932012

8. **Cohen Gas & Oil Development Ltd.**
9. **Y.N.U. Nominee Company Ltd.**
10. **J.O.E.L. Jerusalem Oil Exploration Ltd.**

All three by counsel Alex Hertman and/or Noam Zamir and/or Gal Kelner
S. Horowitz & Co., Attorneys-at-Law
31 Ahad HaAm Street, Tel Aviv 6520204
Tel.: 03-5670700; Fax: 03-5660974

The Respondents

Response to "Motion for Issuance of Instructions with respect to a Change in the Outline of the Arrangement"

In accordance with the Honorable Court's decision of **October 18, 2022**, the Petitioners [sic], Cohen Gas & Oil Development Ltd., Y.N.U. Nominee Company Ltd. and J.O.E.L. Jerusalem Oil Exploration Ltd. ("**Respondents 8-10**"), respectfully submit a response on their behalf to the motion by the Petitioners, NewMed Energy Management Ltd. and NewMed Energy Trusts Ltd. (the "**Petitioners**"), "for issuance of instructions with respect to a change in the outline of the arrangement" (the "**Motion**"), as follows.

Similarly to their position – which was accepted at the hearing and in the judgment already rendered – Respondents 8-10 do not object to the mere convening of a meeting for approval of an "amended arrangement", **subject to this having no adverse effect on their rights and their claims which shall require adjudication at the next stage, and subject to disclosure being given, as early as in the said meeting, of the fact that Respondents 8-10 have claims in the matter at hand**.

The grounds for the response are:

1. **On May 4, 2021**, the Respondents filed a "Motion to Convene a Meeting of Holders of Participation Units of the Company" (the "**Original Motion**"), for the purpose of obtaining approval for an arrangement pertaining to the limited partnership of Delek Drilling (the "**Partnership**"), whereby a U.K. company would be incorporated ("**New Med**"), which would "hold all of the rights of the Company and the General Partner in the Partnership".

2. In Sections 29-30 of the Original Motion, the Petitioners **expressly** stated that "the proposed arrangement entails no change or effect on the business, assets **or liabilities** of the Partnership" and "**is not expected** to directly **affect** the rights of the Partnership's creditors". Still, in spite thereof, Section 35 of the Original Motion states, in passing, that supposedly as a "**consequence**" of approval of the arrangement, New Med "**will not be obligated to pay the royalty interest holders** … any royalties in respect of **new petroleum assets** in which it acquires rights in the future (after the closing of the arrangement), insofar as the rights in the new assets are not acquired by the Partnership but rather by New Med or other subsidiaries thereof".

The precise nature of such "new assets" – as well as the reconciliation of the contradiction arising from these conflicting statements – have not been clarified.

3. Respondents 8-10 hold royalty interests. On **July 5, 2021**, Respondents 8-10 filed a motion "for Clarification of the Provisions of the Arrangement" (the "**Motion for Clarification of the Provisions of the Arrangement**"). Considering the Petitioners' intention to petition at the next stage for approval of the arrangement and validate it as ***res judicata***, Respondents 8-10 expressed their concern that "their rights and claims with respect to the royalties pertaining to such 'new' projects and assets will be adversely affected incidentally to the approval of the arrangement" (Section 5 of the Motion for Clarification of the Provisions of the Arrangement). Respondents 8-10 further stated that "if the arrangement is indeed intended to promote a position whereby *res judicata* will be formed which sweepingly and completely blocks claims with respect to the Petitioners' rights in such assets and projects to be carried out by New Med or subsidiaries thereof – then it is absolutely clear that it is not merely a restructuring, but rather **a debt restructuring, for all intents and purposes, which purports to grant an exemption from future claims and demands, with all that this entails in terms of the requirements of the law**" (Section 26 of the Motion for Clarification of the Provisions of the Arrangement).

   Accordingly, Respondents 8-10 clarified that they "do not object to the mere convening of a general meeting as sought …" but insist that "**their rights and claims not be adversely affected as part of the change which is being presented as a mere restructuring**" (Section 2 of the Motion for Clarification of the Provisions of the Arrangement). On these grounds, Respondents 8-10 moved the Honorable Court to clarify, in the context of adjudication of the motion to convene a meeting, "the bounds of the debt restructuring provisions that shall be put up for the vote and that are intended to be validated as *res judicata*"; and **order that the position of Respondents 8-10 – whereby their rights and claims may not be adversely affected as part of the change being sought – be brought before the general meeting to be convened** (Section 29 and Chapter C.2. of the Motion for Clarification of the Provisions of the Arrangement).

   A copy of the Motion for Clarification of the Provisions of the Arrangement, without the exhibits thereto, is attached hereto as **Exhibit "1"**. **For the avoidance of doubt, Respondents 8-10 reiterate all their arguments as included in this motion**.

4. On **October 13, 2021**, a hearing was held before the Honorable Court, during which Respondents 8-10 reiterated their concern that the change was **a move designed to "avoid the payment of royalties**" (line 12 in page 3 of the hearing transcript); and also insisted that their position already be presented to the general meeting, all without prejudice to their claims and rights, including their right to object to the arrangement later on, if approved by the general meeting (lines 16-21 in page 3 of the hearing transcript).

5. At the end of the hearing, **the Petitioners themselves undertook** to provide disclosure to the general meeting about the claims and rights of Respondents 8-10, with all the claims of Respondents 8-10 being reserved (Sections 31-34 in

page 4 of the hearing transcript). Moreover, in the Honorable Court's judgment of **December 27, 2021**, the Honorable Court itself also **explicitly** held that Respondents 8-10 **would be able to object** to the arrangement at the next stage within the examination of its approval in court, **with all their claims in the matter being reserved** (paragraph 27 of the judgment). The Honorable Court further clarified that "to this one should add that the Petitioners have stated that the proposed arrangement **will not** adversely affect the rights of the creditors of the Partnership, and **it would be right for the Petitioners to clarify this matter to Cohen Development** (Respondents 8-10 – the undersigned) **beforehand**" (*ibid*).

6. Such clarification has not been made. Instead, on **October 6, 2022**, the motion for issuance of instructions with respect to an "amended arrangement" was filed. In such motion, the Petitioners did not explicitly note anything with respect to the possible adverse effect on the rights and/or claims of Respondents 8-10 – as opposed to the explicit words on the matter in the context of the Original Motion.

   However, in Section 9 of their Motion, the Petitioners deemed fit to note, only vaguely, with respect to the royalty issue, as follows: "As pertains to the issue of the royalties of Delek Group, a change has occurred which is reflected in Section 3.4.2 of the revised arrangement. In essence, **according to the terms and conditions of the arrangement, 'new' petroleum assets that the consolidated company will acquire other than through the Partnership will not be subject to royalty interests**, and Delek Group has accordingly undertaken that if a third party argues in this proceeding or in an independent proceeding that it is entitled to receive royalties from 'new' petroleum assets to be acquired by the consolidated company, it will not support such a claim. However, if a competent court determines, in a conclusive and unappealable judgment, at the request of a third party, that other royalty interest holders (besides Delek Group) are entitled to royalties with respect to 'new' assets of the consolidated company, Delek Group will be entitled to claim identical royalty interests (compare with Section 74 of the motion to convene a meeting)".

7. Accordingly, Respondents 8-10 respectfully notify as follows:

8. **First**, Respondents 8-10 wholly insist on their position, as specified already in the motion for clarification of the provisions of the original arrangement, and as accepted **in full** at the hearing. According to this position and the judgment, **disclosure should be provided in the general meeting sought to be convened regarding the position and claims of Respondents 8-10**, and that the claims and rights of Respondents 8-10 are reserved in their entirety, including their right to object to the arrangement itself at the next stage.

   Needless to say, a motion for the issuance of instructions with respect to an amended arrangement cannot lead to a change in the Petitioners' consent to provide full disclosure on the issue, just as it does not change the judgment that reserves all of the rights and claims of Respondents 8-10 (which judgment has become peremptory).

9. **Secondly**, in the Motion for Clarification of the Provisions of the Arrangement, and at the hearing, Respondents 8-10 reiterated their concern that the "arrangement" is a move designed to "avoid the payment of royalties" in relation to "new" assets. And indeed, a motion has now been filed for instructions to be given with respect to an "amended arrangement", **such that it, *inter alia*, authorize a material and substantial impingement of their rights, and in this context, violate various undertakings that have been given to Respondents 8-10.**

   During the hearing, and also in the judgment, it was determined that Respondents 8-10 reserve the right **to object to approval of the arrangement at the next stage**, insofar as it is approved by the meeting (and in accordance with the agreements reached in the appeal, insofar as approval is granted by the Minister of Justice as well). Given the foregoing, and on additional grounds to be specified, Respondents 8-10 clarify already at this point that they will insist on all their rights and claims, including their right to object to the approval of the "arrangement", and including their right to receive all of the royalties that are due to them.

10. **Thirdly**, for the sake of procedural efficiency, it is already at this point that Respondents 8-10 put forth their position that the Petitioners are required to disclose the matter **to Capricorn Energy PLC as well** – and that this company must be joined by the Petitioners in any future proceeding to be filed (if filed) for approval of such amended "arrangement".

11. Under these circumstances, at this stage, Respondents 8-10 do not object to the mere convening of a general meeting, subject to the said disclosure being provided and all their rights and claims being reserved, as specified above, as the Petitioners have already undertaken and as has already been held in the judgment issued.

12. Naturally, the foregoing does not derogate from any right and/or claim.

[p.p./-]	[p.p./-]	[-]
Alex Hertman, Adv.	Noam Zamir, Adv.	Gal Kelner, Adv.

S. Horowitz & Co.
Counsel for Respondents 8-10

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Exhibit 1

Copy of the Motion for Clarification of the Provisions of the Arrangement, without the exhibits thereto

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Signed on: July 5, 2021
Due by: No date set by law and as specified below

In the District Court **C.C 5726-05-21**
Tel Aviv-Jaffa **Motion No. __**
Before Honorable Judge Ruth Ronen

Re:

1. **Cohen Gas & Oil Development Ltd., P.C. 520032970**
2. **Y.N.U. Nominee Company Ltd., P.C. 515258135**
3. **J.O.E.L. Jerusalem Oil Exploration Ltd., P.C. 520033226**

By counsel Alex Hertman and/or Noam Zamir and/or Gal Kelner
S. Horowitz & Co., Attorneys-at-Law
31 Ahad HaAm Street, Tel Aviv 6520204
Tel.: 03-5670700; Fax: 03-5660974

The Petitioners

– Versus –

1. **Delek Drilling Management (1993) Ltd., P.C. 511798407**
2. **Delek Drilling Trusts Ltd., P.C. 511803876**

By counsel Agmon & Co., Rosenberg HaCohen & Co., Attorneys-at-Law
1 Agudat Sport HaPoel Road (Technology Park, Building 1, Entrance C), Jerusalem, 92149
Tel.: 02-5607607; Fax: 02-5639948

The Respondents (Petitioners in the principal case)

And re:

Delek Drilling – Limited Partnership
Public Limited Partnership No. 550013098

The Partnership

Motion for Addition of the Petitioners as Party to the Proceeding and for Clarification of the Provisions of the Arrangement

The Honorable Court is hereby moved by the Petitioners, Cohen Gas & Oil Development Ltd., Y.N.U. Nominee Company Ltd. and J.O.E.L. Jerusalem Oil Exploration Ltd. (the "**Petitioners**") as follows:

(1) Considering the following reasons, order the addition of the Petitioners to the "Motion to Convene a Meeting of Holders of Participation Units of the Company pursuant to Sections 350 and 351 of the Companies Law" (the "**Motion to Convene a Meeting**"); and order the Respondents, Delek Drilling Management (1993) Ltd. and Delek Drilling Trusts Ltd. (the "**Respondents**"), to also add the Petitioners to the additional proceeding they seek to file in the future for approval of the arrangement (insofar as approved by the meeting);

(2) Clarify that approval of the sought arrangement neither does nor shall adversely affect the rights and claims of the Petitioners, insofar as existing (and as specified below, it is the Petitioners' position that they do indeed exist), with respect to "new" projects and assets to be carried out by New Med Energy Plc. or other subsidiaries thereof;

(3) In the alternative, order that the Petitioners' position, whereby the sought arrangement neither does nor shall adversely affect their rights and claims as noted, shall be presented to the general meeting, and that a vote shall be held on an alternative arrangement that includes this clarification (for the avoidance of doubt, without the vote adversely affecting any right and/or claim of the Petitioners);

(4) As a secondary alternative, **solely for the sake of prudence**, make use of its power pursuant to Section 60 of the Companies Regulations (Motion for Settlement or Arrangement), 5762-2002 (the "**Companies Regulations**"), to extend **insofar as required** the date for filing an objection to the approval of the arrangement, and to deem this proceeding as a (merely partial) objection to the approval of the arrangement, as relates to the specific issue pertaining to the prevention of an adverse effect on the rights and claims of the Petitioners, as specified below;

It is stated already at this point that, other than the aforesaid issue, the Petitioners <u>do not object</u> to the mere convening of a general meeting as sought by the Motion to Convene a Meeting; <u>nor do they object</u> to the mere restructuring that is being sought, insofar as made while reserving the rights and claims of the Petitioners.

(5) Administer any other and/or additional remedy, under the circumstances.

Emphases in this motion were added by the undersigned, unless otherwise indicated.

<u>The grounds for the motion are</u>:

A. Introduction and the Background for Filing of the Motion

1. As part of the motion at bar, the Respondents have petitioned for an order to convene a general meeting of the unit holders, for the purpose of executing a restructuring by which a foreign company will be incorporated, which will "hold all of the rights of the Company and the General Partner in the Partnership" – the limited partnership of Delek Drilling (the "**Partnership**" or the "**Merged Partnership**"). Pursuant to the proposed restructuring, New Med Energy Plc. – a foreign company incorporated in England ("**New Med**") – will hold all the interests in the Partnership (100%) and its shares will be cross-listed on the Tel Aviv Stock Exchange and the London Stock Exchange, with the holders of the participation units receiving some of its shares, *pro rata* to their holdings of units.

2. **As noted above, the Petitioners, which hold rights to receive royalties from the Partnership, do not object to the mere convening of a general meeting as sought in the motion at bar; nor do they object to the mere restructuring that is being sought. However, the Petitioners insist that their rights and claims not be adversely affected as part of a change that is being presented as mere restructuring.**

3. *Nota bene:* In the Motion to Convene a Meeting, the Petitioners moved to be exempted "from releasing the motion to secured and material creditors of the Partnership, from attaching the full information in relation to the creditors of the Partnership to the motion and from the convening of creditor meetings" (Section 32 of the Motion). This was based on the argument that "the arrangement does not lead to any material change in the assets or liabilities of the Partnership, and **there is no concern that the arrangement will adversely affect the rights of the Partnership's creditors** …" (page 3 of the Motion). In the Motion, **the Respondents expressly stated** in this context that "the proposed arrangement entails no change or effect on the business, assets **or liabilities** of the Partnership" and "**is not expected** to directly **affect** the rights of the Partnership's creditors" (Sections 29-30 of the Motion). The **Respondents stated** specifically that the arrangement would also "**not lead to any change** in the existing rights of all the holders of rights **to receive royalties** from the Partnership in respect of its existing petroleum assets in Israel …" (Section 33 of the Motion). In the words of the Respondents: "The preeminent principle of the arrangement … concerns only a restructuring that generally leaves the economic interests of the various parties in the existing assets of the Partnership … as similarly as possible to their rights as of this time" (Section 75 of the Motion).

4. However, along with these words **about there being no adverse effect on any right and/or claim**, in Section 35 of the motion, the Petitioners deemed fit to further argue, in passing, that supposedly as a "**consequence**" of approval of the arrangement, New Med "**will not be obligated to pay the royalty interest holders** … any royalties in respect of **new petroleum assets** in which it acquires rights in the future (after the closing of the arrangement), insofar as the rights in the new assets are not acquired by the Partnership but rather by New Med or other subsidiaries thereof". The precise nature of such "new projects" or "new

assets" **has not been clarified**, and in any case, at this stage, nothing with respect thereto is clear to the Petitioners.

5. Under these circumstances, considering the Respondents' intention to petition in the future for approval of the arrangement and validate it as ***res judicata***, the Petitioners are concerned that their rights and claims with respect to the royalties pertaining to such "new" projects and assets will be adversely affected incidentally to the approval of the arrangement. Hence this motion.

6. *Nota bene*: Prior to the filing of the Motion to Convene a Meeting, the Respondents **had not** contacted the Petitioners to receive their position and **had not** added the Petitioners as a party to the proceeding.

7. Accordingly, shortly after it had learned of the filing of the motion from inspection of the Partnership's quarterly reports released on **May 19, 2021**, and after attempts at discussions, on **June 20, 2021**, Petitioner 1, Cohen Gas & Oil Development Ltd., sent the Respondents a letter, requesting them to clarify that they would not be opposed to **undertaking and stipulating in the arrangement that the arrangement itself will not adversely affect the Petitioners' rights and claims, including with respect to royalties in relation to such "new" assets and projects, if and insofar as such rights and claims exist (and in the Petitioners' position, which shall be partly specified below – they do indeed exist)**.

8. On **June 24, 2021**, the Respondents sent a letter of response in which they rejected the request based on the argument that New Med had not, in any case, undertaken to pay the Petitioners royalties in respect of "new" projects and assets.

9. The Respondents, with all due respect, are holding the stick at both ends: On the one hand, they claim that the Petitioners neither have nor shall have any rights and claims with respect to those unknown new projects and assets; and yet, on the other hand, they refuse to clarify and undertake that if it transpires that the Petitioners have and shall have such rights and claims, they will not be impinged by mere approval of the arrangement, and, *inter alia*, no "*res judicata*" argument will stand against the Petitioners in this context.

10. A copy of the exchange of letters of June 20, 2021 and June 24, 2021 is attached hereto as **Exhibit "1"**.

11. Against the aforesaid backdrop, the Petitioners were left with no choice but to file this motion.

B. <u>Of the Petitioners' Royalty Interests</u>

12. In this chapter, we shall briefly lay down the background that indicates the Petitioners' rights to receive royalties. As specified below, the Petitioners' rights are backed, *inter alia*, by several written documents, including with respect to royalties that should be paid to them in respect of any future petroleum asset in which the Partnership shall have an interest. However, the execution of a restructuring is now being sought, with the motion possibly

implying that the General Partner and the holders of participation units of the Partnership will receive, by means thereof, a "*carte blanche*" to render such rights devoid of substance.

13. *Nota bene*: The Merged Partnership was established as a result of the merger of two oil and gas exploration and production partnerships that had operated in Israel – the Avner partnership and the Delek Drilling partnership in its "original form" (the "**Avner Partnership**" and the "**Delek Partnership**").

14. **The Avner Partnership** – In the early 1990s, Cohen Development and Industrial Buildings Ltd. (subsequently: Cohen Gas & Oil Development Ltd., one of the Petitioners herein) ("**Cohen Development**") and the geologist Dr. Eli Rosenberg OBM ("**Dr. Rosenberg OBM**") **initiated** the incorporation of the Avner Partnership. The Partnership bore the name of Dr. Rosenberg OBM (**E**liyahu **B**en **N**ahum **R**osberg) *[Translator's Note: In Hebrew, the initials of Dr. Rosenberg's full name form the word "Avner"]*, who was among the first geologists in Israel and one of the founders of the Israeli gas industry. Along with him, the establishment of the partnership was initiated by Dr. David Cohen OBM and Mr. Gideon Tadmor, leading businessmen in the oil and gas industry, who played a highly substantial role in the gas discoveries that enriched the Partnership's coffers and the participation unit holders of the public (first the "Yam Tethys" discovery and then the "Tamar" discovery and the "Leviathan" discovery).

15. Section 9.1.1.1 of the agreement for formation of the Avner Partnership (the "**Avner Agreement**") stipulates that the General Partner – Avner Oil & Gas Ltd. (which was owned by Dr. Rosenberg OBM and Cohen Development) – would be entitled to royalties "at the rate of **6%** of the entire share of the Limited Partnership in oil and/or gas and/or other valuable substances to be produced and utilized **from the petroleum assets in which the Limited Partnership has an interest or shall have one in the future** …". It is further stipulated that: "The right to royalties shall be attached to the Partnership's share in each one of the petroleum assets in which it holds an interest. **If the Partnership transfers its rights in a petroleum asset in which it has an interest, the Partnership shall cause the transferee to assume all of the royalty payment obligations as noted above**" (Section 9.1.1.6).

It is noted that immediately before the first initial public offering (IPO) it was agreed that the General Partner would hold the royalties **in trust** for its shareholders, such that, as a result of the Avner Agreement, Cohen Development and Dr. Rosenberg OBM were each entitled to royalties at the rate of 3%. It is further noted that, in time, Dr. Rosenberg OBM transferred his royalty interests to Petitioner 2, Y.N.U. Nominee Company Ltd., which holds its royalty interests in trust for the children of Dr. Rosenberg OBM.

It is also noted that in a settlement agreement signed immediately prior to the release of the first prospectus between Petitioner 3, J.O.E.L. Jerusalem Oil Exploration Ltd. ("**JOEL**"), Dr. Rosenberg OBM, Avner Oil & Gas Ltd., the Avner Partnership, Cohen Development and additional parties, Dr. Rosenberg OBM and Cohen Development undertook to assign to JOEL or cause Avner Oil & Gas Ltd. to assign to JOEL 1% (out of 6%) of the royalties to which they or

Avner Oil & Gas (as would be determined in the prospectus) would be entitled to receive from the Avner Partnership (of which 0.25% would be transferred by Cohen Development and 0.75% would be transferred by Dr. Rosenberg OBM. In time, an additional settlement agreement was signed with JOEL, whereby such 1% was reduced to 0.5% (except as relates to the Noa and Ashkelon leases)).

The bottom line is that the Avner Partnership had undertaken already in 1991 to pay each of the Petitioners royalties, both in respect of existing petroleum assets and in respect of future petroleum assets. Moreover, the Avner Partnership undertook that any transfer of interests in a petroleum asset would also obligate the transferee to pay the same royalties, including in relation to any future petroleum asset.

A copy of the agreement of 1991 for establishment of the limited partnership of Avner, with the amendments thereto, is attached hereto as **Exhibit "2"**.

16. Moreover, Section 5.1 of the Avner Agreement specifies that the purpose of the partnership is "to participate in oil and/or gas exploration activities". It was clarified, *inter alia*, that the partnership would engage in the exploration or production of oil or gas pursuant to a petroleum interest or a preliminary permit in geographic areas that are included in the licenses, leases and permits listed in the agreement, and in "any permit or other petroleum interest to be conferred on the partnership **in the future** in the said areas or in areas adjacent to the said areas as well as **any permit or other petroleum interest to be conferred on the partnership in other areas to be defined in this agreement in the future**".

As noted in the Motion to Convene a Meeting (Section 36), the definition of additional areas in the agreement in the future may require approval by the unit holders, but this certainly does not indicate that the unit holders may make a decision to establish a "company" above the partnership, and thereby exempt the partnership (and indirectly themselves) from the payment of royalties.

17. It is noted that, in 2000, Dr. Rosenberg OBM sold his shares in the general partner of the Avner Partnership to Delek Energy Systems Ltd., which is part of the group of companies to which the Respondents belong as well. In this agreement too, it was expressly agreed that it "**… undertakes … that as of the day of execution of the transaction it shall take all the actions required in order to ensure and ascertain that the limited partnership Avner Oil Exploration complies with all of its obligations to the seller pursuant to the royalties clause in the Avner Oil Exploration Limited Partnership agreement**", and "**that it not transfer the sold shares, in whole or in part, nor agree to the allocation of additional shares in Avner Oil & Gas Ltd. to a third party who does not declare and undertake to act according to the provisions of this Section 3.5**".

A copy of the relevant parts of the agreement is attached hereto as **Exhibit "3"**.

18. In 2002, the Avner Partnership, the General Partner and Cohen Development signed a **royalty deed** which was subsequently registered in the Petroleum

Register. In the preamble to the deed, it was noted again that the royalty payment obligations will also apply with respect to all petroleum assets "in which the Partnership has an **interest** or shall have one **in the future**" (see the preamble and Section 5 of the deed; Section 1 of Annex B to the deed). It was further specified that "if the Partnership transfers its rights in a petroleum asset in which it has an interest, the Partnership shall cause the transferee to assume all of the royalty payment obligations as noted above …" (Section 6 of Annex B to the deed).

In 2008 and 2010, after "petroleum assets had been added to the Partnership", addendums to the deed were signed. In the addendum of 2010, it was even clarified that other than the addition of the concrete petroleum assets, the right shall also relate to "any other petroleum interest to be conferred on the Partnership **in the future** in the areas of the said petroleum assets".

A copy of the royalty deed, including the addendums signed in 2008 and 2010, is attached hereto as **Exhibit "4"**.

19. As noted above, in time, the Avner Partnership merged with the Delek Partnership, which had been established in its "original form" in 1993. The agreement for establishment of the Delek Partnership (the "**Delek Agreement**") has undergone several amendments over the years, including after the merger between the partnerships in 2016.

A copy of the agreement for establishment of the Delek Partnership in its current form is attached hereto as **Exhibit "5"**.

20. As part of the aforesaid merger in 2016, the issue of royalties was **addressed specifically and separately** in undertaking notices the partnerships gave the Petitioners well prior to the signing of the merger agreement (the "**Notices**"). These Notices were given **to each one of the Petitioners, with the purpose of assuring them that the duty to pay the royalties that the Avner Partnership had undertaken to pay will survive the merger**. The Notices noted in this context (in each Notice, in relation to another Petitioner of the three Petitioners herein):

> "Upon closing of the merger, all of Avner's obligations to Y.N.U. in relation to royalties in accordance with the '**royalty agreements**' shall apply to the merged partnership in respect of all the petroleum assets of the merged partnership (present **and future**)".

Each of the Notices further indicated that it does not "add to and/or derogate from" the rights of the Petitioners "under the royalty agreements".

Notices of the right to receive royalties from the Merged Partnership are attached hereto as **Exhibit "6"**.

21. It is noted and emphasized that due to Cohen Development's holding of one half of the shares of the General Partner, its consent was required on several issues that were arranged in the merger, including with respect to the identity of the

general partner and with respect to the transfer of the liabilities of the Avner Partnership's to the Merged Partnership. Needless to say, Cohen Development did not believe that after it gave its consent, moves would be made that might deny the rights of the royalty interest holders (and even worse – bar them from raising claims) with respect to future assets.

22. Moreover, further to the Notices, in 2017, after the merger, Section 9.6(b) of the Delek Agreement (which became the Merged Partnership agreement, Exhibit 5 above) was amended, and specified that under the Avner agreement and the "royalty deeds signed thereunder from time to time, all of the obligations in relation to royalties shall apply in respect of all the petroleum assets of the partnership (**present and future**) …".

23. In summary, the Partnership and the Respondents undertook, on several occasions, that the Petitioners would be entitled to royalties from existing "**and future**" petroleum assets, and **in fact, from any petroleum asset in which the Partnership shall have an "interest"**. Although the decision to add new projects and assets may require the approval of the unit holds, it is patently clear that this does not grant them the right to bypass the royalty payment duty by means of a restructuring of the type being sought.

24. Before we move on to specify the grounds that warrant the grant of this motion, it is worthy to note that, as arises from the Partnership's current reports, which were very recently released, these days too, the Partnership is examining **various business opportunities** that it has come across. As stated in the reports: "As of the date of approval of the financial statements …, the Partnership's primary business is the exploration, development and production of natural gas, condensate and oil in Israel and in Cyprus, and the promotion of various natural gas-based projects, with the aim of increasing the volume of natural gas sales. **At the same time, the Partnership is examining various business opportunities with similar characteristics to those in which the Partnership is active**".

Notwithstanding the reports, it is completely unclear from the motion whether it is the Respondents' position that the sought arrangement is intended to lead to a waiver by the Petitioners (and even the barring of any claim) with respect to these business opportunities. Hence, it arises from the reports of the Partnership itself that the possible impingement of the Petitioners' rights as a result of the arrangement in its present format is not merely "abstract" or "hypothetical", but rather **material and holds substantial potential**.

A copy of relevant parts out of the Partnership's reports is attached hereto as **Exhibit "7"**.

C. The Legal Grounds that Justify the Grant of the Motion

C.1. The Honorable Court is moved to clarify that the sought arrangement is not designed – and in any case is unable – to adversely affect the rights and claims of the Petitioners

25. As noted above, the language of the motion is unclear on whether such waiver of rights and claims, which is mentioned in Section 35 of the motion, constitutes an integral part of the provisions of the arrangement, and consequently also whether approval of the arrangement will establish a *res judicata* with respect thereto; or whether, alternatively, it is the Respondents' legal position as to the results expected in consequence of the arrangement (in their words: "a consequence of approval of the arrangement"), such that even after the arrangement is approved, each party will reserve all its claims and rights on this matter.

    Accordingly, a clarification of this point by the Honorable Court is requested, which may obviate this motion (insofar as the arrangement is not intended to adversely affect the rights and claims of the Petitioners, and particularly create a *res judicata* that bars the claims and rights of the Petitioners).

26. This clarification is especially important also given the nature of the arrangement/restructuring that is on the table – the Respondents explicitly claim that "the preeminent principle of the arrangement lies **only in restructuring** …". This position coincides with the Respondents' position whereby the Petitioners' rights are fully reserved with respect to the "**existing**" assets. According to this approach, things will be the same as they were, hence the Respondents' argument of the Partnership's creditors having no standing.

    However, as pertains to "**future**" projects and assets – if the arrangement is indeed intended to promote a position whereby *res judicata* will be formed, which sweepingly and completely bars claims from being raised with respect to the Petitioners' rights in such assets and projects that will be carried out by New Med or subsidiaries thereof – then it is entirely clear that it is not merely a restructuring, but rather **a debt restructuring, for all intents and purposes, which purports to grant an exemption from future claims and demands, with all that this entails in terms of the requirements of the law**.

27. Indeed, use of Section 350 of the Companies Law may not be made for the purpose of creating a debt restructuring that places a bar against any claim to be raised by a creditor of the company, by way of making a restructuring that is discussed and approved by interested parties whot wish to reduce the liability of [sic] the creditor (them being the unit holders).

28. This is especially true because, if indeed the Petitioners have no right or claim with respect to projects to be carried out by New Med (as asserted by the Respondents), the Respondents will suffer no damage from the reservation of the Petitioners' claims and rights, to the extent existing.

29. Under these circumstances, the Honorable Court is moved, as part of the adjudication of the Motion to Convene a Meeting, to clarify the bounds of the debt restructuring provisions that shall be put up to the vote and that are intended to be validated as *res judicata* (if the arrangement is approved by the general meeting and by the Honorable Court).

C.2. The Honorable Court is moved to order that the Petitioners' position, whereby their rights and claims may not be adversely affected as part of the sought restructuring, be brought before the general meeting

30. At this stage, the Respondents have moved for an order to convene a general meeting (to which the Petitioners do not object, as specified above). The Respondents further requested that "after the meeting, and insofar as the arrangement is adopted by the required majority, the Petitioners will be entitled to move the Court to approve the arrangement itself … in a separate motion …", in which case, in accordance with Section 34 of the Companies Regulations, an objection to the arrangement itself may be filed and it will be adjudicated on its merits [see, for example, Ins. C. 28274-10-20 **Matomy Media Group Ltd. v. the Tel Aviv District Attorney's Office** (Nevo, January 17, 2021); Liq. C. 26210-04-12 **Hermetic Trust (1975) Ltd. v. Digal Investments and Holdings Ltd.** (Nevo, February 17, 2015); Liq. C. 19933-09-10 **Hermetic Trust (1975) Ltd. v. Arazim Investments Ltd.** (Nevo, June 22, 2011)].

31. Notwithstanding the aforesaid, considering the pending Motion to Convene a Meeting, and in the hopes that this will obviate a future objection, the Petitioners deem fit to already now present to the Respondents, the Partnership, the unit holders and the Honorable Court, a summary of their claims in the matter at hand:

32. **First**, in general – in the Petitioners' position, the incorporation of a "parent" company does not allow for disregarding the explicit obligations and duties of a "subsidiary" company (or, in the case at bar, a wholly owned "subsidiary" partnership). That is to say, the incorporation of New Med cannot in and of itself provide the Partnership a "*carte blanche*" to ignore explicit obligations that were undertaken thereby to pay the Petitioners royalties also for "future" petroleum assets.

33. In this context, the Honorable Court is referred to C.A. 4857/02 **Mega T.V. Israel Ltd. v. Africa Israel Investments Ltd.**, PD 56(6) 951 (2002), in which the Supreme Court held that obligations that had been undertaken by companies under an agreement "equally applies to all the 'parties' to the agreement, regardless of whether they chose to hold the company's shares directly or chose to hold them through a holding company". It was clarified, *inter alia*, that where "from a business perspective, there is no difference between the two forms of holding", **circumvention of a subsidiary's obligation by means of a parent company may not be allowed** (*ibid*, paragraph 14).

    The general partner of the Merged Partnership and the unit holders cannot just skip over the "Petitioners" by means of incorporating a parent company for the partnership. At the end of the day, New Med is in practice the Merged Partnership in different legal form, with its owners being, prior to the performance of the restructuring and immediately thereafter, the same owners of the Merged Partnership. And this is plain;

34. **Secondly**, all the more, one may not allow the "circumvention" of the Petitioners' claims and rights, and even their complete revocation, by means of a debt restructuring, when the essence of those "new assets and projects" that

are mentioned in the motion, from which allegedly royalties may not be transferred in accordance with the proposed arrangement, **has not been clarified at all and is unknown**. Since the Petitioners have not been given any opportunity to raise their claims and exhaust their rights in relation to the royalties from these **unknown** assets and projects, a "*carte blanche*" to render the Petitioners' rights devoid of substance may certainly not be given;

35. **Thirdly**, the aforesaid is true *a fortiori* considering the fact that New Med is intended to be based on the Partnership, including its reputation and/or capital and/or professional experience and/or manpower (including parts of its management), to promote such "new projects". Under these circumstances, the Petitioners certainly have substantial claims with respect to "new" projects, and in any case, they clearly may not be barred from raising claims on the matter.

36. **Fourthly**, this is all the more compelling as it is clear that, already **at this point in time**, the Partnership has business opportunities "in the pipeline", as specified above, the payment of royalties for which most certainly cannot be evaded by means of incorporating a "parent company".

37. Naturally, at this early stage, and before the nature of those "new" projects has been clarified, the aforesaid does not exhaust the Petitioners' factual and legal claims.

38. **Considering the above, there can be no acceptance of a situation where approval of a restructuring in a company cancels out, "in passing", the Petitioners' rights, and even creates a *res judicata* that bars any claim with respect to projects the nature of which has not even been clarified (or is unknown).**

D. Conclusion

39. Given all of the foregoing, the Honorable Court is moved to order as sought in the preface to this motion.

40. It is lawful and just to grant the motion.

41. This motion is supported by the affidavit of Adv. Shoney Albeck.

42. Nothing herein shall derogate from any right and/or claim. On the contrary: The Petitioners reserve all their claims and rights in this context, including their right to file an objection to the arrangement, insofar as approved by the general meeting.

[-]	[-]	[p.p./-]
Alex Hertman, Adv.	Noam Zamir, Adv.	Gal Kelner, Adv.

S. Horowitz & Co.
Counsel for the Petitioners

Signed on: October 31, 2022
Due by: October 31, 2022

The Economic Department of the District Court in Tel Aviv-Jaffa — **C.C 5726-05-21 Before Honorable Judge Altuvia**

Re: **The Companies Law, 5759-1999 (the "Companies Law")**
The Companies Regulations (Motion for Settlement or Arrangement), 5762-2002 (the "Companies Regulations")

And re: **1. Delek Drilling Management (1993) Ltd., P.C. 511798407**
2. Delek Drilling Trusts Ltd., P.C. 511803876

The Petitioners

By counsel of the firm Agmon & Co., Rosenberg HaCohen & Co.,
98 Yigal Alon Street (Electra Tower – Floor 47), Tel Aviv
Tel. 03-6078607; Fax: 03-6078666
and by counsel Yaron Kosteliz and/or Aviad Shaulson et al.
Kosteliz & Co., Attorneys-at-Law
B.S.R. 3 Tower, Floor 31, 5 Kinneret Street, Bnei Brak 5126237
Tel.: 03-7671500; Facsimile: 03-7671501

And re: **Delek Drilling – Public Limited Partnership No. 550013098**

The Partnership

And re: **Delek Group Ltd.**
By counsel Pinhas Rubin and/or Yaron Elhawi et al.
of the law firm Gornitzky & Co.
20 HaCharash Street, Tel Aviv 6761310 (Vitania Tower)
Tel.: 03-7109191; Fax: 03-5606555

Delek Group

And re: **The Commissioner of Insolvency and Financial Recovery**
By counsel Roni Hirschenson et al.
2 HaShlosha Street, Tel Aviv 61090
Tel.: 03-6899695; Fax: 03-6462502

The Commissioner

And re: **Tel Aviv Stock Exchange Ltd.**
2 Ahuzat Bayit Street, Tel Aviv 652521
Tel.: 076-8160411; Fax: 03-5105379

TASE

And re: **Ariel Yanko et al.**
By counsel Haim Sachs
2 Weizmann Street, Tel Aviv 64239

Tel.: 050-6217263; Fax: 03-6932012

Delek Group [sic]

And re: **The supervisors on behalf of the holders of participation units in Delek Drilling – Limited Partnership**

Keidar Supervision and Management and the partnership Fahn Kane & Co. together with CPA Micha Blumenthal

By counsel of Matry Meiri & Co., Attorneys-at-Law

4 Ariel Sharon Street, HaShachar Tower, Givatayim

Tel.: 03-6109000; Facsimile: 03-6109009

The Supervisors

And re: **Cohen Gas & Oil Development Ltd.**

Y.N.U. Nominee Company Ltd.

J.O.E.L. Jerusalem Oil Exploration Ltd.

By counsel M. Lieberman of S. Horowitz & Co., Attorneys-at-Law

31 Ahad HaAm Street, Tel Aviv 6520204

Tel.: 03-5670700; Fax: 03-5660974

The Respondents

And re: **The Israel Securities Authority**

By counsel Liav Weinbaum of the Tel Aviv District Attorney's Office (Civil)

Kardan House, 154 Menachem Begin Street, Tel Aviv 6492107, P.O.B. 33051

Tel.: 073-3924888; Fax: 02-6448005

The ISA

Position on behalf of the Israel Securities Authority

Further to the Honorable Court's decision of October 18, 2022, the Israel Securities Authority (the "**ISA**") respectfully submits its position on the "Motion for Issuance of Instructions with respect to a Change in the Outline of the Arrangement" (the "**Motion**"), as follows.

1. In the circumstances specified in the Motion, subject to the Partnership's compliance with the timetables specified in the Supreme Court's decision of August 17, 2022 for convening of the meeting no later than January 31, 2023, the ISA does not object to the Motion.

2. This [position] is based, *inter alia*, on the Partnership's intention to present the proposed arrangement to which the Motion pertains (the "**Proposed Arrangement**") for approval by the meeting in accordance with the majority required under Section 65YY of the Partnerships Ordinance [New Version], 5735-1975 for approval of a transaction in which the Partnership's control holder has a personal interest, in addition to the majority required under Sections

350 and 351 of the Companies Law, 5759-1999 (the "**Companies Law**"), as indicated in the Partnership's motion that was filed with the court on May 4, 2021 and in the Honorable Court's decision of December 27, 2021.

3. It is clarified that this position concerns only the manner of the continued litigation of the proceedings for approval of the Proposed Arrangement, i.e., the order of the actions for approval of the arrangement, and particularly in relation to the feasibility of convening a meeting of the unit holders prior to the submission of an application for receipt of an order from the Minister of Justice in accordance with the provisions of Section 351A(b) of the Companies Law.

4. This position expresses no stance in relation to any other matter in connection with the Proposed Arrangement and its compliance with the provisions of the law, and the ISA reserves its right to express its position on the matter if and insofar as the Partnership subsequently files with the court a motion for approval of the arrangement in accordance with the provisions of Section 350 of the Companies Law.

5. It is further clarified, for the avoidance of doubt, that the ISA reserves its right to act in accordance with its powers as specified by law in connection with the Proposed Arrangement, including as pertains to the invitation to the meeting to be released by the Partnership and the application for the permit to release a prospectus of Capricorn Energy PLC that it shall be required to release in order to convene such meeting, and the applicability of the cross-listing arrangement.

[-]

Liav Weinbaum, Adv.
Deputy District Attorney of Tel Aviv (Civil)

[Affixed to the "Response of Respondents 5-7 (the Group of Holders) to the Motion for Issuance of Instructions with respect to a Change in the Outline of the Arrangement"]

Cheshvan 6, 5783, October 31, 2022 Decision

Motion 30 in Case 5726-05-21

Judge Magen Altuvia

There is the package – the mere convening of the meeting under Section 350 of the Companies Law, and there is the content thereof. It appears that since an agreement has been reached that it is possible "to make use of the package subject to approval by the Minister of Justice and at the time specified by the Supreme Court and in view of the position of the Israel Securities Authority, I see no impediment to requesting to present a different outline, the "content" inside the same "package"; there being no need to address at this time the claim of use of the new outline to allegedly evade the issue of overriding royalties. I accept the position of the Israel Securities Authority with all due respect that the outline is in any case subject to approval by the meeting and all the parties in any case reserve all their rights, and all subject to approval by the Minister of Justice as agreed. I thus see no impediment to granting the motion while reserving the rights and claims of all the parties. It is so held.

Signed digitally