

NewMed Energy – Limited Partnership
(the “Partnership”)

January 15, 2023

To
Israel Securities Authority
22 Kanfei Nesharim Street
Jerusalem
Via Magna

To
Tel Aviv Stock Exchange Ltd.
2 Ahuzat Bayit Street
Tel Aviv
Via Magna

Dear Sir/Madam,

Re: **Update on the Transaction for a Business Combination with Capricorn**

Further to the Partnership’s immediate report of September 29, 2022 (Ref. no.: 2022-01-122176), incorporated herein by way of reference, with respect to the signing of an agreement for a business combination with Capricorn Energy PLC (“**Capricorn**” and the “**Transaction**”, respectively) by way of approval of an arrangement under Section 350 of the Companies Law, 5759-1999 (the “**Companies Law**”), the Partnership respectfully reports as follows:

1. In accordance with the terms and conditions of the Transaction, on January 13, 2023, Capricorn published a prospectus which also includes a notice of a general meeting of its shareholders for February 1, 2023, on whose agenda, *inter alia*, is proposed resolutions regarding approval of the Transaction, and other related resolutions required for the Transaction (the “**Prospectus**” and the “**Capricorn Meeting**”)¹.
2. The Prospectus, which was prepared according to the requirements of the foreign law that applies to Capricorn, includes, *inter alia*, updated details regarding the consolidated company and the composition of its board after the closing of the Transaction, financial statements as of September 30, 2022 (including proforma statements), and a report on reserves, contingent resources and discounted cash flow figures (in relation to reserves only) as of September 30, 2022, in relation to the Partnership’s share in the Leviathan reservoir. In view of the above, concurrently with this report, the Partnership will release a report on reserves, contingent resources and discounted cash flow figures as of September 30, 2022 with respect to the Partnership’s share in the Leviathan reservoir in accordance with the Partnership’s reporting format in Israel.
3. Following a request received by Capricorn from a shareholder which holds approx. 6.9% of its share capital (Palliser Capital (UK) Ltd. – “**Palliser**”), and

¹ On January 13, 2023, Capricorn received a permit from the English regulator (FCA) to publish the Prospectus. The Prospectus was posted, *inter alia*, on Capricorn’s website:
<https://www.capricornenergy.com/umbraco/surface/media/mediaitem/capricorn-energy-plc-prospectus-and-circular-13012023?path=/media/3450/capricorn-energy-plc-prospectus-and-circular-13012023.pdf>

in accordance with the law that applies thereto, Capricorn summoned another shareholders' meeting to be convened on the same day, February 1, 2023, immediately after the Capricorn Meeting that was summoned for approval of the Transaction, on whose agenda are proposed resolutions on behalf of Palliser for replacement of most of the members of Capricorn's board with new directors proposed by Palliser ("**Palliser's Proposal**"). On January 12, 2023, Palliser released a notice whereby more than 40% of Capricorn's shareholders currently support Palliser's Proposal. It is the Partnership's understanding that the shareholders' support for Palliser's Proposal to which Palliser's said notice refers is based on non-binding letters of intent of shareholders and other public notices that were released. In view of Palliser's public objection to the Transaction with the Partnership, Capricorn's prospectus states that in the event that Palliser's Proposal is accepted by the shareholders, there is a material risk that Capricorn's new board will seek to terminate the Transaction. It is noted that there is a possibility that the meeting of Capricorn's shareholders will approve the Transaction for a business combination with the Partnership and will subsequently approve, at the additional meeting, Palliser's Proposal, in which case, most of the board members who currently hold office will be replaced, and the new board may seek to terminate the Transaction made with the Partnership.

4. Concurrently with the aforesaid, the Partnership and Capricorn are continuing to promote the Transaction under its current terms and conditions, as the final and best terms and conditions, and are working to obtain the required approvals and to fulfill the Transaction's closing conditions which have not yet been fulfilled, as specified in the Partnership's above report of September 29, 2022, with the aim of releasing the notice of the general meeting of the Partnership's unitholders, on whose agenda is a proposed resolution for approval of the Transaction in the context of an arrangement under Section 350 of the Companies Law, 5759-1999, during Q1/2023. The Partnership will continue to explore strategic alternatives, as shall be required, with the aim of maximizing value for the Partnership's unitholders.

Caution concerning forward-looking information – The possibility of promoting and executing the Transaction is contingent, *inter alia*, on the receipt of regulatory approvals and fulfilment of other conditions which are beyond the control of the Partnership or Capricorn, including receipt of a tax ruling from the Israel Tax Authority whose terms and conditions will be acceptable to the parties. Therefore it is clarified that on the date of this report, there is no certainty as to the possibility of closing the Transaction, and the information presented herein with respect to this possibility and the timeline for the convening of the meeting constitute "forward-looking information", as defined in the Securities Law, 5728-1968, which is based on estimates which may not materialize, in whole or in part.

Sincerely,

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

By: Yossi Abu, CEO

Sari Singer Kaufman, General Counsel, EVP

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.

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