

NewMed Energy – Limited Partnership (The “Partnership”)

28 November 2024

The Israel Securities Authority (ISA)
Via Magna

Tel Aviv Stock Exchange Ltd
Via Magna

Dear Sir/Madam,

Re: **Immediate Report on Notice of a Special General Meeting of the Partnership's Participation Unit Holders**

In accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the “**Reports Regulations**”), the provisions of the Partnerships Ordinance [New Version], 5735-1975 (the “**Ordinance**”) which applies to the Partnership certain provisions of the Companies Law, 5759-1999 (the “**Companies Law**”) and the regulations promulgated thereunder, and the trust agreement of 1 July 1993 signed between NewMed Energy Trusts Ltd. (the “**Trustee**”) and Fahn Kanne & Co., CPAs jointly with Keidar Supervision & Management (jointly: the “**Supervisor**”) (as amended from time to time) (the “**Trust Agreement**”¹), the Partnership respectfully reports the calling of a special general meeting of holders of the participation units issued by the Trustee (the “**Units**” or “**Participation Units**” and the “**Meeting**”, respectively), as follows:

Time and venue of the Meeting

The Meeting shall take place on **Monday, 6 January 2025** at 15:00 (the “**Time of the Meeting**”) by video conference via Zoom. Meeting invitation link:

<https://newmedenergy.zoom.us/j/89627138145?pwd=ANRwtBhAOIsA7awIcn3iHxcMxEWzp4.1>

Part A – Items on the Agenda of the Meeting, Resolution Proposals and Explanations

1. **Item No. 1: Approval of engagement in a contingent agreement for acquisition of interests in a petroleum asset in the exclusive economic zone of Bulgaria**

It is proposed to approve the Partnership’s engagement in an agreement for acquisition of interests in a petroleum asset known as Block 1-21 Han Asparuh which is situated in the exclusive economic zone (EEZ) of the Republic of Bulgaria in the Black Sea (the “**Bulgaria License**” or the “**Block**” or the “**Project**”), and participation in exploration, development and production operations in the area of the license, and to that end, to approve an

¹ As reported in the Partnership’s immediate report of 7 June 2020 (Ref. 2020-01-058218).

amendment to Section 5.1 of the partnership agreement signed on 1 July 1993, as amended from time to time (the "**Partnership Agreement**")², taking into account the personal interest of Mr. Yossi Abu, CEO the Partnership (the "**CEO**" or "**Mr. Abu**"), in the approval of this transaction, and all as specified below.

It is further proposed to authorize the General Partner of the Partnership, NewMed Energy Management Ltd. (the "**General Partner**"), in accordance with the provisions of Section 9.4 of the Partnership Agreement, to refrain from profit distributions for the purpose of execution of the aforesaid operations in accordance with such work program and budgets as shall be approved by the partners in the Bulgaria License.

The language of proposed Resolution No. 1 is as follows:

"To approve the Partnership's engagement in the agreement for acquisition of interests in the Bulgaria License and participation in oil and/or natural gas exploration, development and production operations in the area of the license, as specified in Section 1 of the notice of meeting report, and, to that end, to amend Section 5.1 of the Partnership Agreement, such that the Bulgaria License be added to the list of petroleum assets enumerated in such section, and authorize the General Partner, in accordance with the provisions of Section 9.4 of the Partnership Agreement, to refrain from profit distributions for the purpose of execution of the aforesaid operations in accordance with such work program and budgets as shall be approved by the partners in the Bulgaria License."

Further details regarding Item No. 1

- 1.1. On 28 November 2024, the Partnership, through NewMed Energy Balkan Limited, a UK incorporated subsidiary wholly owned by the Partnership ("**NewMed Balkan**" or the "**Buyer**"), engaged with OMV Offshore Bulgaria GmbH ("**OMV Bulgaria**" or the "**Seller**"), a subsidiary of OMV Petrom, which, to the best of the Partnership's knowledge, is a public company listed on the Bucharest Stock Exchange in Romania and considered the largest energy corporation in Southeast Europe, in a contingent agreement for acquisition of 50% of the interests in the Bulgaria License (the "**Agreement**" or the "**Acquisition of Interests Agreement**" and the "**Transaction**", respectively).

NewMed Balkan is a subsidiary of the Partnership, which was incorporated in the UK on 31 October 2024. The Partnership intends to concentrate all of its future Southeast Europe operations (if any) under NewMed Balkan. As of the

² As reported in the Partnership's immediate report of 18 December 2023 (Ref. 2023-01-137343).

date of the report, the Partnership holds the entire share capital of NewMed Balkan (100%).

As of the date of the notice of meeting report, OMV Bulgaria holds all the interests (100%) in the Block. Subject to satisfaction of the conditions precedent for closing of the Transaction, the Seller has undertaken to transfer to the Buyer working interests at the rate of 50% (out of 100%) of the interests in the license granted by the Government of Bulgaria in relation to the area of the Block, rights under an agreement for natural gas and oil exploration in the area of the Block signed with the Government of Bulgaria, and rights under the Joint Operating Agreement (JOA) that shall apply between the partners in the Block (the “**Interests**”). It is noted that, after the closing of the Transaction, the remaining interests in the Block (50%) will be held by OMV Bulgaria.

Under the terms of the Transaction, the Buyer has undertaken, *inter alia*, to bear the funding of OMV Bulgaria’s share in the first two wells to be drilled in the Block up to a cap (in both wells) of €100 million (approx. US \$104 million (“\$”). It is clarified that, according to the terms of the Agreement, the Buyer does not have the right to receive a refund from the Seller for bearing the amounts which the Buyer shall make available thereto as specified in this section above, and that over and above the said amounts, the Seller and the Buyer shall bear the Project expenses on a pro rata basis (50%-50%).

For further details regarding the Transaction and its terms, see the immediate report released by the Partnership concurrently with the release of this notice of meeting report (Ref. 2024-01-620288), the information included in which is incorporated herein by reference, and to which an annex is attached that includes additional details about the Block and an evaluation report on the prospective resources attributed to the Vinekh prospect in the area of the Block (the “**Transaction Report**”).

- 1.2. On 27 November 2024, the audit committee, compensation committee and board of directors of the General Partner approved granting equity compensation to Mr. Yossi Abu, CEO of the Partnership, in deviation from the Partnership's compensation policy, at the rate of 5% of the issued share capital of NewMed Balkan, under certain terms and conditions as specified in Section 2.2 of Item No. 2 of this notice of meeting report, and bearing the funding of his relative share (2.5% indirectly) in the initial investment, in the sum of up to \$173 million (or a proportionate share of such amount, if NewMed Balkan transfers part of its interests in the license to a third party), intended to serve NewMed Balkan for the drilling of the two first wells to be drilled in the Bulgaria License, in accordance with the Agreement with OMV Bulgaria, and to cover additional costs of the company, if any, in connection with additional potential collaborations with OMV Bulgaria in other ventures (the “**Initial Investment**” and the “**Proposed Compensation**”, respectively). Additional details regarding the Proposed Compensation and the terms and conditions thereof are presented below under Item No. 2 herein.

In accordance with the foregoing, if the Proposed Compensation is approved, the Partnership shall hold a 47.5% interest (out of 100%) in the Block (indirectly), by means of holding 95% of the share capital of NewMed Balkan.

The General Partner's Board further decided to work on formulating a plan for the granting of additional equity compensation, at a total rate of up to 5% of NewMed Balkan's issued share capital, to other officers of the Partnership and the General Partner, under similar terms and conditions to the terms of the equity compensation proposed to Mr. Abu, such that the Partnership shall bear the funding of the proportionate share of the other officers of the Partnership in the Initial Investment, and the General Partner (or Delek Group Ltd., the control holder of the Partnership ("**Delek Group**")) shall bear the funding of the proportionate share of the officers of the General Partner in the Initial Investment.

For details regarding the explanations of the audit committee, compensation committee and board of directors of the General Partner for their approval of the Partnership's entry into the Transaction for acquisition of the Interests in the Bulgaria License by NewMed Balkan and the Proposed Compensation, see Section 2.10 below.

- 1.3. Pursuant to the rules of Tel Aviv Stock Exchange Ltd. ("**TASE**") and the Partnership Agreement, the Partnership has undertaken to participate only in oil and gas exploration operations in projects that are defined, or will be defined in the future, in the Partnership Agreement. It is therefore proposed to amend the Partnership Agreement and add the Bulgaria License to the list of petroleum assets enumerated under Section 5.1 of the Partnership Agreement ("Objective, Authorities and Powers of the Partnership"), such that the Partnership will be able to participate in oil and/or natural gas exploration, development and production operations in the area of this License.
- 1.4. It is further proposed to authorize the General Partner to refrain from distributions of profit, as defined in Section 9.4 of the Partnership Agreement, in order to enable the Partnership to participate in the planned operations in the area of the Bulgaria License in accordance with the terms and conditions of the Transaction as noted, and *inter alia* in the Transaction Report, and in all oil and/or natural gas exploration, development and production operations in the area of the Bulgaria License, in accordance with such work program and budgets as shall be approved by the partners in the Bulgaria License. It is clarified that approval of the proposed resolution by the Meeting constitutes the giving of consent by the Supervisor pursuant to Section 9.3 of the Trust Agreement.
- 1.5. It is further clarified that the proposed resolution for approval of the Transaction (Item No. 1 above) presented for approval by the Meeting is not contingent on approval of the proposed resolution to grant Mr. Abu the Proposed Compensation (Item No. 2 below). Notwithstanding the aforesaid,

the Transaction was approved by the audit committee and board of directors of the General Partner as an engagement in which Mr. Abu has a personal interest.

2. **Item No. 2: Approval of the grant of equity compensation to the CEO of the Partnership by way of allotment of 5% of the share capital of NewMed Balkan and funding his share of the costs of the Initial Investment, which includes the first two wells to be drilled in the Block**

It is proposed to approve the grant of the Proposed Compensation to Mr. Abu, CEO of the Partnership, i.e., the grant of equity compensation, at the rate of 5% of the issued share capital of NewMed Balkan, under certain terms and conditions as specified below, and to bear the funding of Mr. Abu's relative share of the costs of the Initial Investment, in the sum of up to \$173 million, which includes the first two wells to be drilled in the area of the Bulgaria License, in deviation from the Partnership's compensation policy. Mr. Abu will be entitled to participate in a profit distribution from NewMed Balkan in respect of his proportionate share in the share capital only after NewMed Balkan has paid the Partnership (by way of a profit distribution and/or loan repayment) amounts that are equal, in the aggregate, to the sum of the Initial Investment plus interest at the rate of 7.5% per annum.

The language of proposed Resolution No. 2 is as follows:

“To approve the grant of equity compensation at the rate of 5% of the issued share capital of NewMed Balkan to Mr. Abu, CEO of the Partnership, and bear the funding of his relative share of the costs of the Initial Investment, which includes the first two wells to be drilled in the area of the Bulgaria License, in accordance with the terms and conditions specified in the notice of meeting report, in deviation from the Partnership's compensation policy.”

Further details regarding Item No. 2

2.1. **General**

2.1.1. If Proposed Resolution No. 1 is approved, and all the other conditions precedent stipulated in the Acquisition of Interests Agreement are satisfied, as specified in Item No. 1 hereof, NewMed Balkan will acquire 50% (out of 100%) of the interests in the Bulgaria License.

2.1.2. Mr. Abu has served as CEO of the Partnership in a full-time position (100%) since 1 April 2011³.

³ For details regarding the current terms of Mr. Abu's office and employment and compensation that has been granted to him, see the details pursuant to Section B(2) of Section 21 of the Reports Regulations, as presented in Chapter D of the Partnership's periodic report for 2023, which was

- 2.1.3. On 27 November 2024, the audit committee, compensation committee and board of directors of the General Partner approved granting equity compensation to Mr. Abu, in deviation from the Partnership's compensation policy, at the rate of 5% of the issued share capital of NewMed Balkan, on such terms and conditions as are specified in Section 2.2 below, and bearing the funding of his relative share of the costs of the Initial Investment, which includes the first two wells to be drilled in the area of the Block.
- 2.1.4. Granting the Proposed Compensation requires approval by a general meeting of the holders of the Participation Units by a supermajority, as specified in Section 4.2 below. It is clarified that approval of the Proposed Compensation will be deemed approval of a change in Mr. Abu's employment terms and approval of a deviation from the Partnership's compensation policy.
- 2.1.5. It is further clarified that this proposed resolution for approval of the grant of the Proposed Compensation to Mr. Abu, which is presented for approval by the Meeting, is contingent on approval of the Transaction (Resolution No. 1 above) and closing of the Transaction with the Seller.

2.2. Terms of the Proposed Compensation

Below are details regarding the terms and conditions of the equity compensation presented for approval by the Meeting. These terms and conditions are intended to regulate the rights and obligations of the parties as shareholders of NewMed Balkan (in this section: the "**Company**"), assuming that the proposed resolutions for approval of the Transaction and for approval of the Proposed Compensation are both passed and all the other conditions precedent for closing of the Transaction for acquisition of 50% of the interests in the Bulgaria License by the Company are satisfied.

- 2.2.1. The Company shall allot to Mr. Abu ordinary shares that represent 5% of its issued share capital after the allotment. Following such allotment, the Partnership will hold 95% of the Company's issued share capital.
- 2.2.2. The ordinary shares to be so allotted to Mr. Abu bear identical rights to the ordinary shares of the same class existing in the Company's capital, and will grant Mr. Abu the right to participate and vote in shareholders meetings, and the right to participate in distributions of the Company's profits and the distribution of its assets upon liquidation, according to the relative rate of the shares in the Company's issued share capital.

- 2.2.3. According to the Company's incorporation documents, the Partnership shall have the right to appoint all the members of the board of directors of the Company and shall be deemed as the Company's controlling shareholder. It is clarified that the Company, through its competent organs, will be authorized and allowed to make decisions from time to time according to its discretion, without any limitations or need to obtain any consent from Mr. Abu, in accordance with the incorporation documents and the law applicable thereto, and, *inter alia*: (a) Any decision pertaining to the management of its assets, rights and obligations in general, and particularly in respect of the Bulgaria License, including decisions to sell or transfer its rights as aforesaid, in whole or in part, to third parties, with or without consideration, per its discretion; and (b) Any decision to allot shares or other securities to third parties resulting in the dilution of Mr. Abu's relative share of the Company's capital.
- 2.2.4. The Partnership shall make investments in the Company from time to time through the injection of capital, a shareholder loan or otherwise. The Partnership's initial investment in the sum of up to \$173 million (or a relative portion of this amount in the event that the Company transfers some of its interests in the Bulgaria License to a third party), which is intended to be used by the Company for the drilling of the first two wells in the Bulgaria License in accordance with the agreement with OMV Bulgaria and to cover additional costs of the Company if incurred in relation to additional possible collaborations with OMV Bulgaria in other ventures, as aforesaid, will also cover the proportionate share of Mr. Abu (5%) in this Initial Investment. See Section 2.2.6 below on the Partnership's rights in connection with the Initial Investment ("**Funding of the Initial Investment**").
- 2.2.5. According to the advice received by the Partnership from its external advisors, Mr. Abu is not expected to be liable for Israeli tax in respect of the granting of the shares up to the date of disposition and sale of the shares, and is not expected to be liable for English tax so long as he is not subject to English tax laws. The aforesaid notwithstanding, the Partnership has undertaken that if any tax liability as aforesaid is imposed on Mr. Abu before the disposition and sale of the shares by him, the Partnership shall provide him with funding to cover the said tax liability (the "**Tax Funding**", and collectively with the Funding of the Initial Investment: the "**Funding Amounts**").
- 2.2.6. It was determined with respect to the Funding Amounts that Mr. Abu will be entitled to receive profits from the Company in respect of his proportionate share in the Company's capital only after the Company shall have paid the Partnership (by way of a profit distribution and/or loan repayment) amounts that are equal, in the aggregate, to the sum of the Initial Investment actually made in the Company plus the sum of the Tax Funding (if any), all plus interest at the rate of 7.5% per

annum, or alternatively after Mr. Abu shall have reimbursed the Partnership, from his own resources, with the full Funding Amounts plus interest at the rate of 7.5% per annum. It is clarified that, other than the foregoing, Mr. Abu shall be subject to no further obligation of reimbursement or repayment of the Funding Amounts.

- 2.2.7. Subject to the provisions of Section 2.2.4 above with respect to the Funding of the Initial Investment, any and all expenses, costs and additional liabilities imposed on the Company in the context of its current operations and management of its business and assets will be imposed on all of its shareholders, including Mr. Abu, on a *pro rata* basis according to the rate of their holdings in the Company's capital as being from time to time, such that Mr. Abu will be obligated to bear a relative share of any further investment to be required of the shareholders pursuant to the Company's decisions (the "**Required Investments**").
- 2.2.8. In the event that Mr. Abu fails to provide the Company with his *pro rata* share of the Required Investments (the "**Missing Amount**") within 14 days of the date on which he is required to provide the same pursuant to the Company's decision, the Partnership shall be entitled to provide the Missing Amount in Mr. Abu's stead in consideration for an allotment of additional shares in the Company that will dilute Mr. Abu's share of the Company on a relative basis, at such rate as shall be determined according to the fair value of the Company at such time, as determined by an outside and independent valuator whose identity shall be approved by the audit committee of the board of directors of the General Partner.
- 2.2.9. The shares to be allotted to Mr. Abu shall be subject to a reverse vesting mechanism, whereby in the event that Mr. Abu terminates his office as CEO of the Partnership of his own initiative before the lapse of a 36-month period beginning on the date of approval of the Proposed Compensation (the "**Vesting Period**"), the Company and/or the Partnership shall be entitled to receive or buy his shares in the Company without consideration (the "**Buyback Mechanism**").
- 2.2.10. Mr. Abu and the Company's shares held by him (in this section: the "**Shares**"), shall be subject to specific instructions and limitations in accordance with the Company's incorporation documents, as being from time to time, including:
 - (a) Mr. Abu shall not be entitled to transfer, sell, assign, pledge or grant any other right in the Shares, directly or indirectly, without receiving the Partnership's prior consent.
 - (b) The Partnership shall be given the right of first refusal to purchase the Shares in the event that Mr. Abu reaches an

agreement with any third party regarding the sale of all or part of the Shares.

- (c) Without derogating from the aforesaid, any sale of all or part of the Shares to a third party shall be contingent on that out of the proceeds of the sale to the third party, the Partnership shall first be paid the full Funding Amounts plus interest at the rate of 7.5% per annum or, in the case of sale of part of the Shares, the Partnership is first paid the pro rata part of such amounts.
- (d) Mr. Abu shall be entitled to pledge the Shares in favor of an Israeli banking corporation or a regulated financial institution in Israel, or another financing body that shall be approved by the audit committee of the board of the General Partner, subject to a 14-day advance notice to the Partnership, and provided that the pledge documents determine that the exercise of the pledge, if any, will: (1) be subject to the Partnership's right of first refusal to purchase the pledged shares, under conditions to be determined in the pledge documents; and (2) subject first to reimbursement of all of the Funding Amounts (as defined above), plus interest at the rate of 7.5% per annum.
- (e) In the event that the Partnership seeks to sell all of its shares in the Company (or a substantial part thereof) to any third party, the Partnership shall be entitled to obligate Mr. Abu to sell his shares to the buyer, in whole or in part (in accordance with the number of shares sold by the Partnership), under the same conditions and at the same price per share as shall be agreed between the Partnership and the buyer, and Mr. Abu shall be obligated to take all necessary actions for completion of the sale of his shares to the buyer in accordance with the terms and conditions of the transaction, including the signing of any document that shall be required for such purpose. In any sale as aforesaid, the Partnership shall be entitled to reimbursement of all of the Funding Amounts, plus interest at the rate of 7.5% per annum.
- (f) Notwithstanding any other provision above, Mr. Abu shall not be entitled to transfer or sell or assign or pledge the Shares or any part thereof or to grant any other right in the Shares, directly or indirectly, to any third party, before the end of the Vesting Period.

- 2.3. Subject to and without derogating from the Partnership's undertaking to provide, in favor of Mr. Abu, financing as detailed in Section 2.2.5 above, Mr. Abu shall exclusively bear any and all liabilities and tax consequences, of any kind, arising from the granting of the Shares to him, from his holding them and/or sale thereof (including any payment, levy, fee or other mandatory payment). Mr. Abu undertakes to indemnify the Company and/or the Partnership for any damage and/or expense incurred thereby in connection with such liabilities and tax consequences.
- 2.4. Given the personal interest of Mr. Abu in the Bulgaria License and his potential conflict of interest in connection therewith, future material resolutions that the Partnership will be required to adopt in connection with the Company in general and the Bulgaria License in particular, will be adopted and approved by the General Partner's board of directors, who will be entitled to authorize for such purpose, the audit committee of the General Partner's board of directors or another officer of the Partnership who will operate under its direct supervision. The aforesaid shall not derogate from additional requirements established by law regarding the approval of actions and transactions in which an officer has a personal interest or actions in which he is in a conflict of interest.
- 2.5. A detailed agreement will be signed with Mr. Abu specifying the terms and conditions of the Proposed Compensation, which shall include, inter alia, additional details as is standard in grants of this type, according to the tax rules that apply to the granting of Shares according to a reverse vesting mechanism, including reference to cases where the restrictions are removed and Mr. Abu retains ownership of the Shares, such as in cases of death, disability, dismissal of Mr. Abu in circumstances that do not meet the definition of cause, i.e. grave circumstances relating to a grave act or omission, or Mr. Abu's resignation which derives from reasons that are defined as "justified", such as a material adverse change in the nature of the position, a significant reduction in salary, etc., as well as reference to cases where the restrictions are removed upon an offering and/or sale of all of the Interests in the Company.
- 2.6. Additional details regarding the Proposed Compensation
- a. For the purpose of examining and approving the Proposed Compensation, the Partnership received a valuation from an external and independent appraiser, whereby the fair value of the shares to be awarded to Mr. Abu was estimated at approx. \$2.35 million. Details regarding a valuation of the Proposed Compensation are provided in Section 2.9 below (the "**Valuation**").
- b. Following are additional details, prepared according to the Sixth Schedule to the Reports Regulations, regarding the maximum annual compensation components that may be paid to a CEO (in thousands

of dollars), in terms of cost to the Partnership on an annual basis, in accordance with the updated terms of office of the CEO, including the Proposed Compensation presented for approval by the Meeting:

Name	Position	Position %	Participation Unit holding rate ⁴	Compensation for services							Other compensation			Total
				Salary cost	Bonuses	Security-based payment	Management fees	Consulting fees	Fees	Other	Interest	Rent	Other	
Mr. Yossi Abu	Partnership's CEO	100%	0.05%	925	925	889 for options in Track 102(*); 784 for the granting of 5% in the Company (**)							212	3,734

(*) This amount reflects the annual benefit value that derives from options granted to the CEO in July 2022, i.e. the economic value of the options, on the approval date, divided by 3 (the vesting period of the options). The said annual benefit amount is different to the amount of the annual expense in the Partnership's financial statements according to standard practice in accounting scheduling.

(**) This amount reflects the fair value of the granting of ordinary shares of NewMed Balkan that shall be granted to the Partnership's CEO as stated herein, divided by 3 (for details regarding the buyback mechanism for a period of 3 years, see Section 2.2.9 above).

2.7. Names of control holders and directors that have a personal interest in Proposed Resolution No. 2 and the nature of their personal interest

2.7.1. The General Partner's company is a wholly owned subsidiary (indirectly) of Delek Group Ltd., the control holder of the Partnership. It is clarified that Delek Group has no personal interest in Proposed Resolution No. 2.

2.7.2. It is further clarified that the directors on the General Partner's board of directors have no personal interest in Proposed Resolution no. 2.

2.8. The approvals required in relation to Proposed Resolution No. 2 and the names of the directors who participated in the discussions of the audit committee, the compensation committee and the board of directors of the General Partner

2.8.1. The Proposed Compensation to the CEO was approved on 27 November 2024 by the audit committee, the compensation committee and the board of directors of the General Partner.

⁴ The holding rate stated in the table does not include Participation Units that may derive from the exercise of options granted to the CEO.

2.8.2. The Proposed Compensation is subject to the approval of the general meeting of the Participation Unit holders by a special majority, as a deviation from the Partnership's compensation policy, as specified in Section 4.2 below.

2.8.3. In the meeting of the audit committee of the General Partner's board of directors, and in the discussion regarding the approval of the Proposed Compensation in the compensation committee of the General Partner's board of directors, the following directors participated: Messrs. Yoram Cohen (external director, chairman of the audit committee and the compensation committee), Eliyahu Haim Zamir (independent director) and Efraim Sadka (external director). The General Partner's board discussions were also attended by the directors: Messrs. Gabi Last (chairman of the board), Idan Wallace, Leora Pratt Levin, Tamir Polikar and Yair Neuman.

2.9. The method of determination of the the consideration

The Proposed Compensation for the CEO and its terms were determined under negotiations held with Mr. Abu. As aforesaid, the Partnership also received, from an independent appraiser, a valuation of the Proposed Compensation, the highlights of which are described below.

2.9.1. The purpose of the valuation is to determine the fair value of the grant of ordinary shares of NewMed Balkan that shall be granted to the CEO (the "CEO's Shares"). The valuation date is 31 October 2024. The valuation was performed by S-Cube Financial Consulting Ltd., which confirmed that it is an independent appraiser according to ISA Paper 105-3, and was delivered to the Audit Committee, the Compensation Committee and the Board of the General Partner⁵.

The valuation method used the asset value of NewMed Balkan, taking into account that its only asset is the agreement for the acquisition of 50% of the Interests in the Bulgaria License. Allocation of the value to the CEO's Shares was carried out using the Option Pricing Model (OPM), using the Black-Scholes model.

⁵ The appraiser received an indemnity undertaking from the Partnership whereby insofar as it is charged in a non-appealable judgment with payment of any amount to a third party in connection with the valuation, the Partnership shall pay the appraiser an amount with which the appraiser is charged that exceeds the amount of the fee paid for the valuation multiplied by 3. This indemnity undertaking shall not apply if it is determined that the appraiser acted with malice or gross negligence in connection with the performance of the valuation. In addition, after 3 years, the appraiser shall no longer bear any liability and/or responsibility for the services, except in respect of legal proceedings instituted before the lapse of the said 3 years

The main assumptions in the valuation: (a) the Company's value was estimated at approx. \$173 million, which reflects the anticipated investment in the first two wells in the area of the Block and related costs. In the context of the conditions for allotment of the CEO's Shares, the Partnership shall bear the funding of the CEO's proportionate share in the costs for the funding of the initial wells and the related costs. The appraiser was not asked to take into account the Partnership's undertaking to fund the cost of the tax exposure (if any) for the Partnership's CEO; (b) an anticipated life of two years until a discovery is declared in the License, which will enable an IPO, receipt of outside funding, mergers and acquisitions ("Monetization Event"); (c) a fluctuation rate of 43.08% which is based on several comparable companies, during the course of two years. The comparable companies are: the Partnership, Tamar Petroleum Ltd., Ratio Energies Limited Partnership, Capricorn Energy PLC and Diversified Energy Company PLC; (d) a risk-free interest rate of 4.16% (the U.S. bond interest rate for a period of two years as of the valuation date); and (e) the CEO's Shares constitute 5% of the Company's capital and are subject to a reverse vesting mechanism for a period of 3 years.

According to the valuation, the fair value of the CEO's Shares was set at approx. \$2.35 million. In sensitivity analyses, assuming an anticipated life of 3 years, the value of the CEO's Shares rises to approx. \$2.8 million, and assuming an anticipated life of one year, the value of the CEO's Shares drops to approx. \$1.7 million.

2.10. The explanations of the audit committee, compensation committee and the board of directors of the General Partner in connection with the approval of the Proposed Compensation

2.10.1. The relevant matters listed in Part A of Schedule I to the Companies Law and the matters listed in Part B of Schedule I to the Companies Law were presented to the audit committee, compensation committee and board of directors of the General Partner, and they were presented, *inter alia*, with the comprehensive terms of Mr. Abu's compensation, also considering the Proposed Compensation, a valuation prepared in relation to the Proposed Compensation and the details relating thereto.

2.10.2. The audit committee, compensation committee and board of directors of the General Partner are convinced that despite Mr. Abu's personal interest in the Transaction based on the benefits arising to him from the Transaction (the Proposed Compensation), approval of the Transaction, under the circumstances, is in keeping with the best interests of the Partnership.

- 2.10.3. The compensation committee and board of directors of the General Partner have arrived at the conclusion that the Proposed Compensation and the gamut of the terms of Mr. Abu's office and employment together with the Proposed Compensation as noted, constitute appropriate compensation of the CEO, in view of his qualifications, his professional experience and the responsibilities and powers entrusted to him, accounting for the challenges faced by him and by the Partnership.
- 2.10.4. The terms of the Proposed Compensation reflect a reasonable and appropriate set of incentives for Mr. Abu as CEO of the Partnership, considering, among other things, the characteristics, business operations, risk management policy, goals and business strategy of the Partnership.
- 2.10.5. The terms of the Proposed Compensation place an emphasis on performance-based compensation and form a link between Mr. Abu's compensation and the Partnership's performance, the maximization of its income and the accomplishment of its goals from a long-term perspective.
- 2.10.6. Mr. Abu has been employed as CEO of the Partnership for some 13 years, during which he has made a significant contribution to the Partnership's operations and has capably dealt with diverse challenges (including competitive, operational and regulatory challenges), and *inter alia*, has successfully managed crises in the sector in which the Partnership operates.
- 2.10.7. Mr. Abu possesses a professional background and vast managerial experience and performs his duties with great success and deep dedication. Mr. Abu acts for the advancement and promotion of the Partnership's business and shoulders a heavy burden of responsibility by virtue of his capacity.
- 2.10.8. Mr. Abu's contribution to the Partnership's success and its ability to grow and achieve its goals in the future is highly unique and exceptional in the Israeli CEO landscape. Thus, it is noted in a nutshell that in the course of the 13 years of his service as CEO of the Partnership, the Tamar and Leviathan reservoirs were developed, the Partnership's interests in the Tamar reservoir were sold, the export of gas to Jordan and to Egypt commenced, and bonds were issued for the purpose of financing the Partnership's operations. Furthermore, Mr. Abu has served as a key figure in the Partnership's most material agreements in recent years, thanks to his unique leadership, business, analytical, interpersonal and other abilities.

- 2.10.9. In addition, Mr. Abu has special, strong and close ties with heads of state and very senior officials in the countries to which gas is exported.
- 2.10.10. Mr. Abu leads the Partnership to multiple achievements and high revenues, which generate considerable benefit to all the Participation Unit holders. Of note, in the past year alone (from December 2023), the Partnership declared and/or distributed profits in the sum of \$250 million.
- 2.10.11. The Partnership's business sector – the exploration, development and production of natural gas, condensate and oil and the promotion of use of infrastructures for the export of natural gas – is an industry with unique features that require great expertise which is scarce in the domestic market. Given the business and regulatory challenges faced by the Partnership, and the unique expertise that Mr. Abu has gained in the Partnership's business sector, both in the commercial aspect and in the regulatory aspect, the competent organs of the General Partner have decided to grant Mr. Abu the Proposed Compensation, in order to retain him in his office of CEO in the coming years.
- 2.10.12. The additional compensation is intended to incentivize Mr. Abu with a long-term view and tie the increase in the value of NewMed Balkan, a subsidiary of the Partnership, and his contribution to all the Participation Unit holders, with the scope of the compensation.
- 2.10.13. In order to receive the entire Proposed Compensation, Mr. Abu is obligated not to terminate his office as CEO of the Partnership of his own initiative for a vesting period of 36 months, beginning on the date of approval of the Proposed Compensation. Of note, in 2022, the CEO was granted equity compensation the vesting of which stretches across 3 annual portions, with the last portion expected to vest in August 2025. Accordingly, and in view of the expected challenges for the Partnership in the coming years and the great importance of Mr. Abu in leading them, the Proposed Compensation creates an up-to-date incentive that serves to keep Mr. Abu in office until the end of the Vesting Period.
- 2.10.14. The benefit entailed by the Proposed Compensation, to the extent that it arises eventually, provides the Partnership with the required tools for recruitment, incentivization and retention of a talented and skilled CEO of the Partnership and the General Partner, like Mr. Abu, who is able to contribute to the Partnership and maximize its income from a long-term perspective.

- 2.10.15. The Proposed Compensation constitutes a deviation from the Partnership's compensation policy because it concerns the unique compensation of Mr. Abu's participation in a petroleum asset that has been acquired by the Partnership and which the audit committee, compensation committee and board of directors of the General Partner have found to be a special and fitting case that justifies a deviation from the Partnership's compensation policy, primarily on the grounds that the Proposed Compensation contributes to the creation of a reasonable and appropriate set of incentives for Mr. Abu as CEO of the Partnership, considering, *inter alia*, the characteristics, business operations, risk management policy, goals and business strategy of the Partnership.
- 2.10.16. In the opinion of the audit committee, compensation committee and board of directors of the General Partner, there is real concern that without approval of the Proposed Compensation for Mr. Abu, it will be impossible to retain him over time as CEO of the Partnership, and, in the event that the Partnership has to replace the CEO, it will struggle to find executives of the suitable standard of the present CEO.
- 2.10.17. As part of the proceedings for approval of the Proposed Compensation, the members of the compensation committee and board of directors of the General Partner have not examined comparative data of Mr. Abu's comprehensive terms of employment including the Proposed Compensation against standard compensation terms on the market and in the industry in which the Partnership operates, nor made a comparison with the compensation of CEOs of TASE-listed corporations with similar characteristics, because the Proposed Compensation and the circumstances of the grant thereof, as specified above, are unique and in this case merit a certain deviation which, under the circumstances, is justified and may, in their estimation, benefit all the Participation Unit holders.
- 2.10.18. It is the position of the audit committee, the compensation committee and the board of the General Partner that the engagement in the Agreement with the Seller is consistent with the Partnership's objectives in the following aspects: (a) the Project is in line with the Partnership's strategy and allows expansion of its operations, after the Leviathan and Aphrodite projects, to additional assets, such as Morocco, and now also Bulgaria, thus increasing the Partnership's potential value; (b) the potential for and chances of success in the Vinekh prospect in the area of the License, which is ready for drilling, are high relative to the average in similar exploration activity (43% according to a report by an independent reserves evaluator); (c) a mature

regulatory and contractual system; (d) the fiscal regime in the area of the License is advantageous relative to other locations in the world, inter alia in view of the low tax rates; (e) the operator in the Bulgaria License has know-how, experience and expertise in the area of the Bulgaria License, with potential for future collaborations in the region and generally; (f) the engagement is in line with the Partnership's strategy of focusing on prospects and assets of natural gas (rather than oil); (g) proximity to onshore infrastructures for development of the reservoir after the making of a commercial discovery (if any); (h) Bulgaria is connected to the European grid, thus opening up the possibility of exposure to the European market; and (i) leverage of the know-how acquired by the Partnership in connection with export to the relevant markets in the context of similar previous projects. In view of the aforesaid, the Transaction is in the best interests of the Partnership.

- 2.10.19. In view of all the aforesaid reasons, the members of the audit committee, compensation committee and board of directors of the General Partner have found that the CEO's Proposed Compensation and the terms thereof are in the best interests of the Partnership. Furthermore, the members of the audit committee and board of directors of the General Partner are convinced that, despite Mr. Abu's personal interest in the Transaction and the list of benefits arising to him from the Transaction, approval of the Transaction, under the circumstances, is in keeping with the best interests of the Partnership.
- 2.10.20. In light of the foregoing, and after presentation and weighing of all the data presented above, the audit committee, compensation committee and board of directors of the General Partner believe that the Partnership's operations in the Bulgaria License in accordance with the Agreement with the Seller, and as specified in the notice of meeting report and the Transaction Report, are reasonable and appropriate and reflect the best interests of the Partnership.

Part B – Details regarding the Convening of the Meeting, Majority Required, Quorum and Voting Method

3. Quorum and adjourned meeting

No discussion shall begin at the general meeting unless a quorum is present when the meeting sets out to do so, and no resolution shall be adopted unless the quorum is present when the vote on the resolution is held. A quorum shall be formed by the presence, in person or by proxy, of two (2) Unit holders holding together Participation Units that constitute no less than fifty percent (50%) of the Units issued by the Trustee up to the business day that preceded the Meeting.

If a quorum is not present 30 minutes after the time set for the Meeting, the Meeting will be adjourned to the same day the following week at the same time and place, i.e., **Monday, 13 January 2025, at 15:00**, without there being any obligation to inform the Unit holders thereof, or to any other day, time or place as the Trustee, with the Supervisor's consent, shall determine in a notice to the Unit holders (the "**Adjourned Meeting**"). If no quorum is present at the Adjourned Meeting 30 minutes after the scheduled time, two (2) Unit holders who are present in person or by proxy shall then constitute a quorum, and the Meeting will be at liberty to address the issues for which it was called. If no such quorum is present at the Adjourned Meeting – the meeting will be cancelled.

For quorum purposes, two proxies of one registered Unit holder which is a nominee company (i.e., a company the sole business of which is holding securities on behalf of others), who participate in the Meeting pursuant to powers of attorney granted to them, in respect of different Units, by the same registered Unit holder, shall also be deemed "two Unit holders".

4. The required majority for the adoption of the resolutions on the agenda

4.1. In accordance with the TASE Rules, in a limited partnership the participation units of which were listed earlier than 3 September 2015, a resolution approving investment in a project outside of Israel shall require approval in the manner prescribed by Section 7(d) of the Amendment to the Partnerships Ordinance Law (No. 5), 5775-2015 with respect to the approval of private proposals in partnerships. Therefore, and according to the provisions of the Trust Agreement, the majority required for the adoption of Resolution no. 1 on the agenda is no less than 75% of the units the holders of which participated and voted in person or by proxy. In addition, the fulfilment of one of the following is required:

- a. The count of the majority votes in the general meeting shall include a majority of the votes of Unit holders participating in

the vote who are not the General Partner or the controlling shareholder thereof or holders of a personal interest in the approval of the resolution. The total count of votes of such Participation Unit holders shall exclude abstaining votes;

- b. The total of assenting votes from among the Unit holders mentioned in paragraph (a) above shall not exceed two percent (2%) of all the voting rights of the Participation Unit holders.
- 4.2. The majority required for the adoption of Resolution no. 2 on the agenda, pursuant to Section 65(WW) of the Ordinance, is a simple majority, provided that one of the following is fulfilled:
- a. The count of the majority votes in the general meeting shall include a majority of the votes of Unit holders participating in the vote who are not the General Partner or the controlling shareholder thereof or holders of a personal interest in the approval of the said resolution. The total count of votes of such Participation Unit holders shall exclude abstaining votes;
 - b. The total of assenting votes from among the Unit holders mentioned in paragraph (a) above shall not exceed two percent (2%) of all the voting rights of the Participation Unit holders.

The aforesaid notwithstanding, pursuant to Section 65(WW)(a)(3) of the Ordinance, the compensation committee, followed by the board of directors of the General Partner may approve the Proposed Compensation even if the general meeting objects to the approval of the Transaction, provided that the compensation committee, followed by the board of directors of the General Partner, resolve to do so based on detailed reasons, after having rediscussed the Transaction and, in such discussion, having reviewed, *inter alia*, the objection of the general meeting.

5. Record date

The record date for establishing the right to vote in accordance with Section 182 of the Companies Law and Section 3 of the Companies Regulations (Voting in Writing and Position Statements), 5766-2005 is **Sunday, 8 December 2024** (the “Record Date”).

6. Proof of ownership

- 6.1. In accordance with the Companies Regulations (Proof of Shareholding for the purpose of Voting in General Meetings), 5760-2000, a Unit holder in whose favor Participation Units are registered with a TASE member, which Units are included in the Units registered in the name

of the nominee company in the Participation Units register (“**Unregistered Unit Holder**”), shall furnish the Partnership with a certificate from the TASE member with which the Unit is registered in his favor of his ownership of the Unit on the Record Date, in accordance with the provisions of the aforesaid Regulations and in accordance with the provisions of the aforesaid Regulations and the form in the Schedule thereto.

- 6.2. In addition, an Unregistered Unit Holder may instruct that his ownership certificate be transmitted to the Partnership by means of the electronic voting system operating under Title B of Chapter G2 of the Securities Law, 5728-1968 (the “**E-Voting System**”).

7. Voting Method

With respect to the resolutions on the agenda of the Meeting, a Unit holder may vote in person or by a proxy as well as by voting card or an electronic voting card transmitted to the Partnership via the E-Voting System.

Any proxy appointment document shall be in writing, signed by the appointer or by attorneys of his who were authorized to do so in writing, or, if the appointer is a corporation, the appointment document shall be made in writing and signed in such manner as is binding on the corporation. The Partnership’s secretary may require that before the Meeting is convened, the Partnership is provided with a written certification, to its satisfaction, regarding the identity of the signee, and if the appointer is a corporation, also regarding the signees’ power to bind the corporation.

A document for appointment of a proxy for voting, a power of attorney or an attorney-certified copy should be deposited against confirmation of delivery with the offices of the Partnership at 19 Abba Eban Boulevard, Herzliya Pituach (09-9712424), at least forty-eight (48) hours before the Time of the Meeting or the Adjourned Meeting. The appointment document shall indicate the number of Units in respect of which it is issued.

For the avoidance of doubt, a Unit holder who was present in the original meeting by proxy will not be required to once again deposit a power of attorney for the purpose of voting in an adjourned meeting, only if the adjourned meeting is convened within ten (10) days of the date of the original meeting.

8. Position statements

The deadline for delivery of position statements by Unit holders is up to ten (10) days before the time of convening of the Meeting, i.e., by **Friday, 27 December 2024**. The Partnership will publicize such position statement no later than one (1) business day after receipt thereof. A position statement that includes the response of the board of directors of the General Partner

may be submitted up to five (5) days before the time of convening of the Meeting, i.e. – no later than **Wednesday 1 January 2025**.

Unit holders may apply to the Partnership directly and receive therefrom, free of charge, the language of the position statements (if furnished).

9. Voting via Voting Cards

Unit holders who wish to vote via voting card, within the meaning thereof in Section 87 of the Companies Law, *in lieu* of participating in the Meeting in person and/or by proxy and/or electronic voting card, may do so through Part Two of the voting card attached hereto (the “**Voting Card**”). The vote of Unit holders by means of Voting Cards shall be counted as if they were present and participated in the Meeting, for purposes of both the Quorum required for the Meeting and the count of the results of the vote.

An Unregistered Unit Holder who wishes to vote via voting card, shall deliver to the Partnership, up to four (4) hours before the time of convening of the Meeting, i.e., **by 11:00 o’clock, Monday, 6 January 2025**, the Voting Card signed by him and the ownership certification form, unless his ownership certificate was transmitted to the Partnership via the E-Voting System. A Voting Card shall be valid in respect of an Unregistered Unit Holder only if an ownership certification form is attached thereto or was sent to the Partnership via the E-Voting System.

A Unit holder registered in the Trustee’s books (“**Registered Unit Holder**”) and wishing to vote via voting card, shall deliver to the Partnership, up to six (6) hours before the convening of the Meeting, i.e., **by 09:00 o’clock, Monday, 6 January 2025**, the Voting Card signed by him and a copy of an I.D. card, passport or certificate of incorporation. A Voting Card shall be valid in respect of a Registered Unit Holder only if a copy of the I.D. card, passport or certificate of incorporation is sent to the Partnership.

An Unregistered Unit Holder is entitled to receive from the TASE member, by email, free of charge, a link to the form of the Voting Card and the position statements on the Distribution Website, unless such Unit holder shall have notified the TASE member of his lack of interest in the same, or notified that he would like to receive voting cards by post, for a fee. Such notice with respect to voting cards shall also apply to the receipt of position statements.

A Registered Unit holder is entitled to receive the certificate of ownership from the TASE member with which he holds his Units, at a branch of the TASE member or by post to his address for postage only, if he so requests, and that a request on this matter shall be given in advance for a specific securities account.

On the day of release hereof, the Partnership will send a voting card to the registered Participation Unit holders, free of charge.

10. Voting via the electronic system

After the Record Date, upon receipt of an identifying number and an access code from the TASE member and following an identification process, Unregistered Unit Holders will be able to vote via the electronic system.

The deadline for voting via the electronic system is up to six (6) hours before the time of convening of the meeting, i.e., **by 09:00 o'clock, Monday, 6 January 2025.**

Where a Participation Unit holder votes by more than one method as noted, his later vote shall be counted, with the vote of the Participation Unit holder in person at the Meeting or by proxy being deemed later than a vote via voting card or the electronic system.

It is noted that due to the national security situation, the ISA has fortified its cyber protection systems, which may cause difficulties in the ability of Unit holders to access the general meeting voting system from abroad. Therefore, the Company refers the Unit holders to the ability to vote also by power of attorney and by voting card. Furthermore, a securities holder may contact the ISA support center by telephone at 077-2238333.

11. Changes in the agenda

After release of the notice of meeting report, there may be changes in the agenda, including the addition of items to the agenda, and the up-to-date agenda will be available for inspection in the Partnership's reports to be posted on the TASE website at www.maya.tase.co.il and on the ISA distribution website at www.magna.isa.gov.il (hereinafter: the "TASE Website" and the "Distribution Website", respectively).

Under the provisions of Section 65DD(b) of the Ordinance and Section 14.1(e) of the Trust Agreement, one or more Unit holders, holding at least 0.5% of all the Participation Units, and the Supervisor, may request that the board of directors of the General Partner include an item in the agenda of the general meeting, provided that the issue is suitable for discussion by the general meeting. In accordance with Section 5(a) of the Companies Regulations (Notice and Announcement of General Meetings and Class Meetings in Public Companies and the Addition of Items to the Agenda), 5760-2000, such a request shall be delivered to the Partnership up to 7 days after the Meeting is called.

Where the board of directors of the General Partner finds that an item requested to be included in the agenda is suitable for discussion by the general meeting, an updated agenda will be prepared and posted on the Distribution Website no later than 7 days after the deadline for the delivery of requests for inclusion of items in the agenda by Unit holders, as noted above. It is clarified that the release of an updated agenda does not change the Record Date.

The request of a Unit holder to include the proposal of a candidate for the office of director in the agenda of a meeting shall include the details specified in Section 26 of the Reports Regulations, and shall enclose a statement by the candidate for the office of director pursuant to Section 224B of the Companies Law, and, Applicant – also a statement pursuant to Section 241 of the Companies Law.

12. Notice of personal interest and additional required information

12.1. In accordance with Section 65EEE of the Ordinance, a Participation Unit holder who participates in the vote shall notify the Partnership before voting at the Meeting, or – if voting by power of attorney and/or voting card – on the voting card, or – if voting by electronic voting card – in the designated space in Part Two of the electronic voting card, whether or not he has a personal interest in the approval of the resolution.

12.2. A Participation Unit holder who fails to notify the Partnership of the existence or absence of personal interest in the approval of the resolution shall not vote and his vote shall not be counted.

13. Inspection of documents

The notice of meeting report, Voting Card and position statements (to the extent submitted) are available for inspection on the TASE Website and on the Distribution Website. In addition, the notice to the Unit holders and a copy of any document pertaining to the said resolution are available for inspection in the offices of the Partnership at 19 Abba Eban Boulevard, Herzliya Pituach, subject to any law, Sundays through Thursdays, during normal business hours, after prior coordination with Adv. Sari Singer Kaufman (09-9712424) until the time of convening of the Meeting.

Sincerely,

NewMed Energy Management Ltd.

General Partner

By: Yossi Abu, CEO

and Sari Singer Kaufman, General Counsel, Senior VP