

NewMed Energy – Limited Partnership **(the “Partnership”)**

11 June 2025

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: **Decision to drill an exploration well in the Krum prospect**

Further to Section 7.8.7 of Chapter A of the Partnership’s 2024 periodic report, as released on 10 March 2025 (Ref. no.: 2025-01-015633) (the “**Periodic Report**”), regarding the actual and planned work program in Block 1-21 Han Asparuh, which is located in the EEZ of the Republic of Bulgaria in the Black Sea (the “**Bulgaria License**”), and the Partnership’s immediate report of 27 March 2025 (Ref. no.: 2025-01-021116) regarding adoption of a decision to drill an exploration well in the Vinekh prospect, the Partnership respectfully reports that on 10 June 2025, the partners in the Bulgaria License adopted a decision regarding the drilling of another exploration well in the area of the Bulgaria License, in the Krum prospect (the “**Well**”).

Further details regarding the Well:

1. The date the decision was made: 10 June 2025.
2. Reasons for the decision: Proving the presence of hydrocarbons in the drill-ready Krum prospect, and determination of the size, nature and content of the reservoir.
3. Conditions for the drilling of the Well and for the corporation’s participation in the drilling of the Well: The drilling of the Well is contingent on receipt of all of the required approvals from the Bulgarian government, and on the signing of service agreements in connection with the drilling of the Well.
4. Name of the Well: Krum-1.
5. Location of the Well: The EEZ of Bulgaria in the Black Sea, around 130 km east of the shore.
6. Anticipated drilling dates: The drilling is expected to begin upon completion of the Vinekh-1 well in Q1/2026, and to continue for around two months.
7. The target layers in the Well: Layers from the Pliocene-Miocene age.

8. The Well's type, purpose and future stages that are dependent on its findings: An exploration well intended to prove the presence of natural gas in 2 target layers from the Pliocene-Miocene age.
9. Total depth of the Well and the water depth: Around 3,540 meters and around 1,760 meters, respectively.
10. Total drilling budget: Approx. \$78 million (approx. €68 million), excluding production tests.
11. With respect to drilling that includes production tests – the corporation's estimate and the approved budget for the performance of production tests, if needed: Approx. \$21 million (approx. €18 million), which shall be added to the cost specified in Section 10 above.
12. Name of the operator: OMV Offshore Bulgaria GmbH (the "**Operator**").
13. Name of the corporation drilling the Well: OMV Offshore Bulgaria GmbH.
14. The share of the holders of the Partnership's equity interests in the drilling budget and in the potential revenues that shall be generated by the Well: See Section 7.8.5 of the Periodic Report.
15. Names of the partners in the petroleum asset in which the Well is being drilled and their share in the drilling budget (including the cost of production tests): For details regarding NewMed Energy Balkan Limited, a subsidiary of the Partnership ("**NewMed Balkan**"), financing the Operator's share in the Well, which is limited by certain conditions (the "**Financing Commitment**"), see Section 7.8.2 of the Periodic Report. It is clarified that the figures presented in the table below regarding the share of NewMed Balkan in the drilling budget were calculated in consideration of the said Financing Commitment¹.

<u>Names of the Partners</u>	<u>Share of Each Partner in the Drilling Budget</u>
NewMed Energy Balkan Limited	Approx. \$78 million (approx. €68 million)
OMV Offshore Bulgaria GmbH	Approx. \$21 million (approx. €18 million)

16. Reference to description of the petroleum asset in the Periodic Report: See Section 7.8 of the Periodic Report.

Caution concerning forward-looking information: The budget and the timetables for the drilling of the Well and receipt of the approvals for the drilling thereof are based on estimates and assumptions received,

¹ According to the terms and conditions of the equity compensation in NewMed Balkan that was granted to Mr. Yossi Abu, CEO of the Partnership, the Partnership shall provide Mr. Abu with limited financing in respect of his share in the drilling costs. For details, see Section 7.8.2 of the Periodic Report.

inter alia, from the Operator, which are forward-looking information, as defined in the Securities Law, 5728-1968 (the "Securities Law"). The said estimates and assumptions are professional estimates and assumptions, in respect of which there is no certainty, and they may later be updated as the activities in the Well progress. The said estimates are based, *inter alia*, on geological, geophysical, technical-engineering and other information, and may be materially different to the situation in practice. In addition, the said estimates and assumptions may be updated insofar as additional information is accrued and/or as a result of a gamut of factors relating to natural gas and oil exploration and production projects, including as a result of performance of the actions in the Well and the outcome thereof and as a result of operating conditions and/or market conditions and/or regulatory conditions.

17. Prospective resource data:

a. Quantity data

According to a report evaluating the prospective resources attributed to the Krum prospect (the "**Resources Report**" and the "**Prospect**" or "**Krum**", respectively), which was prepared by Netherland, Sewell and Associates, Inc. ("**NSAI**"), an expert, certified and independent resource evaluator, according to the SPE-PRMS rules, as of 31 May 2025, the prospective resources attributed to the Prospect are as specified below:

<u>Reservoir Layer²</u>	<u>Scenario</u>	<u>Gas (BCF)</u>	<u>Total Share of the Partnership³</u>
C Upper Central	Low	67.7	32.2
	Best	439.6	208.8
	High	3,155.0	1,498.6
C Upper SW	Low	45.0	21.4
	Best	166.3	79.0
	High	593.4	281.9
C Upper West	Low	198.5	94.3
	Best	1,152.2	547.3

² The location of the Well was determined so as to penetrate the main reservoir layers (D and C Lower) at an optimal site. Consequently, the Krum-1 well will not reach the C Upper reservoir layers specified in the report below.

³ In view of the fact that the share of the Bulgarian government in the gas that shall be produced is dependent on the pace of production, which is unknown and is impossible to predict as of the date of this report, it is not possible to determine, as of the date of this report, the rate of the holders of the Partnership's equity interests (net) in the resources. Therefore, included in this table is the rate of the holders of the Partnership's equity interests (gross), 47.5%, before payment of royalties to the Bulgarian government. For details regarding the Partnership's assessment of whether the undertaking to pay overriding royalties applies also in relation to its interests in the Bulgaria License, see Section 7.8.4 of the Periodic Report.

<u>Reservoir Layer²</u>	<u>Scenario</u>	<u>Gas (BCF)</u>	<u>Total Share of the Partnership³</u>
	High	7,458.0	3,542.6
C Lower	Low	368.6	175.1
	Best	1,867.1	886.8
	High	10,137.4	4,815.3
D	Low	1,879.3	892.7
	Best	3,880.4	1,843.2
	High	7,825.3	3,717.0

1. NSAI stated in the Resources Report, *inter alia*, several assumptions and reservations, including that: (1) NSAI did not visit the petroleum field; and (2) NSAI did not examine exposure deriving from environmental matters. However, it was stated that as of the date of the Resources Report, NSAI was not aware of any potential liability regarding environmental matters which may materially affect the quantity of the resources estimated in the prospective resources report or the commerciality thereof. NSAI also stated that the Resources Report does not include an economic analysis of the reservoir, and that based on development of similar reservoirs, and assuming that a discovery is made in the Bulgaria License, the prospective resources in the best estimate category have a reasonable chance of commercial recovery.
2. The Resources Report was prepared mainly based on a 3D seismic survey that was carried out in 2020 and the processing of which was completed in 2021.
3. Below are the basic parameters used for calculation of the various scenarios:

<u>Target</u>	<u>Gross Rock Volume (acre*feet)</u>		<u>Gross Thickness (feet)</u>		<u>Area (acre)</u>	
	Low	High	Low	High	Low	High
C Upper Central	136,669	5,422,026	93	183	1,470	29,694
C Upper SW	98,754	784,037	160	135	618	5,795
C Upper West	396,177	12,063,865	178	187	2,223	64,364

<u>Target</u>	<u>Gross Rock Volume</u> <u>(acre*feet)</u>		<u>Gross Thickness</u> <u>(feet)</u>		<u>Area</u> <u>(acre)</u>	
C Lower	745,419	15,475,452	152	74	4,918	209,174
D	2,830,267	14,238,973	173	158	16,399	90,096

<u>Target</u>	<u>Net-to-gross</u> <u>(decimal)</u>		<u>Porosity</u> <u>(decimal)</u>		<u>Gas Saturation</u> <u>(decimal)</u>		<u>Initial gas formation</u> <u>volume factor</u> <u>(SCF/RCF)</u>	
	Low	High	Low	High	Low	High	Low	High
C Upper Central	0.20	0.90	0.20	0.35	0.45	0.85	285	315
C Upper SW	0.20	0.90	0.20	0.35	0.45	0.85	290	320
C Upper West	0.20	0.90	0.20	0.35	0.45	0.85	285	315
C Lower	0.20	0.90	0.20	0.35	0.45	0.85	290	320
D	0.20	0.90	0.20	0.35	0.45	0.85	295	325

4. The significant risks entailed by the process: The significant risks entailed by drilling are mainly technical-operational risks, including risks of malfunctions in the drilling actions and upon performance of the logs, as well as in the performance of production tests, if any. If the drilling reaches the planned depth and if hydrocarbons are discovered in the target layers, the risks later in the process required to achieve a commercial discovery are, *inter alia*, that the size of the reservoir and/or the properties thereof will not be good enough to justify development thereof, and that the costs of the development, its expected duration and other risks entailed by the development will not justify development thereof. For details regarding the risk factors entailed by exploration activity, see Section 7.29 of the Periodic Report.
5. An estimate of the probability of success of each one of the geological risk factors entailed by exploration in the said Well, and an estimate of the probability of the presence of natural gas, are as follows:

	<u>Trap Integrity (%)</u>	<u>Reservoir Quality (%)</u>	<u>Source Evaluation (%)</u>	<u>Migration/ Timing (%)</u>	<u>Total (%)</u>
C Upper Central	40	50	100	80	16
C Upper SW	40	50	100	80	16
C Upper West	40	50	100	80	16
C Lower	40	70	100	80	22
D	50	80	100	80	32

6. It is emphasized that in the Resources Report, each target was estimated separately, and that the targets are not interdependent.
7. An estimate of the probability of development for commercial production: As of the date of this report, and prior to the drilling of a well in the Prospect, the Partnership is unable to provide a statistical estimate of the probability of development of the Prospect for commercial production. However, the Resources Report states that assuming that a discovery is made in the Well, and based on the development of similar gas fields, the prospective resources in the best estimate category have a reasonable chance of becoming commercial. The potential market for such resources is the local Bulgarian market and the international market, and therefore the Partnership shall examine in the future, insofar as a well is drilled in the Prospect and natural gas in a commercial quantity is discovered therein, various alternatives for commercialization of the natural gas. The examination of the potential for commercial production, if any, may also include the option of combining development of the discovery, if any, in the Well, if and when drilled, with plans for development of other gas discoveries in the region.
8. The Partnership's reasons for the basis for the basic parameters used in the calculation of the scenarios: The parameters used by NSAI in the calculation of the various estimates are primarily based on the 3D seismic survey, based on data collected in wells in the region, and based on similar reservoirs around the world.

Caution – There is no certainty that any part of the potential resources stated will indeed be discovered; if discovered, there is no certainty that any part of the resources will be commercially recoverable; the prospective information does not constitute an evaluation of reserves and contingent resources, which may only be evaluated after the exploration drilling, if at all.

Caution concerning forward-looking information – NSAI's estimates regarding the prospective resources are forward-looking information, within the meaning thereof in the Securities Law. The said estimates are based, *inter alia*, on geological, geophysical and other information received from the wells and from the Operator, and constitute professional estimates and assumptions of NSAI only, in respect of which there is no certainty. The natural gas quantities that are discovered, if any, and actually produced, if any, may be materially different to the said estimates and assumptions, *inter alia* as a result of operating and technical conditions and/or regulatory changes and/or supply and demand conditions in the market and/or the quality of the reservoir. The said estimates and assumptions may be updated insofar as additional information is accrued and/or as a result of a gamut of factors relating to oil and natural gas exploration and production projects.

9. Management declaration:

- (1) Date of the declaration: 11 June 2025;
- (2) Name of the corporation: NewMed Energy – Limited Partnership;
- (3) Name and position of the resource evaluation officer at the Partnership: Gabi Last, Chairman of the Board of the Partnership's general partner;
- (4) We confirm that all of the data required for performance of his work were provided to the resource evaluator;
- (5) We confirm that no information has come to our attention which indicates the existence of dependency between the resource evaluator and the Partnership;
- (6) We confirm that, to the best of our knowledge, the resources reported are the best and most current estimates in our possession;
- (7) We confirm that the data included herein were prepared according to the professional terms listed in Chapter G of the Third Schedule to the Securities Regulations (Details of the Prospectus and Draft Prospectus – Structure and Form), 5729-1969, and within the meaning afforded thereto in the Petroleum Resources Management System (2018), as published by the SPE, the AAPG, the WPC and the SPEE, as are in effect at the time of release of the report;
- (8) We agree to the inclusion of the foregoing declaration in this report.

Gabi Last, Chairman of the Board

The holding rates in the Bulgaria License:

NewMed Energy Balkan Limited	50.00%
OMV Offshore Bulgaria GmbH	50.00%

Sincerely,

NewMed Energy Management Ltd.

General Partner of NewMed Energy – Limited Partnership

By: Yossi Abu, CEO

and Zvi Karcz, VP Exploration