

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

20 January 2026

To  
Israel Securities Authority  
Via Magna

To  
Tel Aviv Stock Exchange Ltd.  
Via Magna

Dear Sir/Madam,

Re: **Engagement in an Agreement for the Sale of Interests in the Petroleum Asset in Bulgaria**

Further to Section 7.8.5(b) of Chapter A of the Partnership’s 2024 periodic report, as released on 10 March 2025 (Ref. 2025-01-015633) (the “**Periodic Report**”), regarding the decision of the Bulgarian parliament to instruct the Bulgarian Minister of Energy to conduct negotiations for the terms and conditions according to which a Bulgarian government-owned corporation shall acquire up to 20% of the interests in the Bulgaria License (as defined in the Periodic Report), which is held, on the date of the report, by NewMed Energy Balkan Limited (“**NewMed Balkan**”)<sup>1</sup> and OMV Offshore Bulgaria GmbH (“**OMV Bulgaria**”, collectively – the “**Sellers**”), and further to the Partnership’s immediate report of 14 January 2026 (Ref. 2026-01-006446) regarding the decision of the Council of Ministers at the Bulgarian government to authorize the Bulgarian Minister of Energy to approve an engagement between the Sellers and the Bulgarian government-owned corporation Bulgarian Energy Holding EAD (“**BEH**”), the Partnership respectfully reports that on 20 January 2026, the Sellers entered into an agreement with BEH for the sale of 10% of the interests in the Bulgaria License to BEH (5% from each one of the Sellers) and BEH’s joining the Joint Operating Agreement (the “**Transaction**” the “**Agreement for the Sale and Transfer of Interests**” or the “**Agreement**”).

In consideration for the transfer of the interests, BEH undertook to pay the Sellers its proportionate share (10%) in the costs incurred in connection with the preparations for the drillings from 1 January 2021 until the Transaction closing date.

The closing of the Transaction is subject to fulfillment of all of the following conditions precedent:

- 1) Engagement between the parties and the Bulgarian government in an agreement approving the transfer of the interests to BEH;
- 2) Receipt of the approval of the Bulgarian Commission on Competition, insofar as such approval is required by law for the transfer of the interests;
- 3) The taking effect of the amended Joint Operating Agreement (JOA), to be signed between the parties;

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<sup>1</sup> A company registered in England whose shareholders are the Partnership (95%) and Mr. Yossi Abu, the Partnership’s CEO (5%).

- 4) Receipt of the corporate approvals required for the transfer of the interests at each one of the Sellers.

Subject to fulfillment of the said conditions precedent, the Transaction shall be closed on the date on which the parties and the Bulgarian government sign an addendum to the concession agreement (PEA) approving the transfer of the interests to BEH, which is expected to take place on 21 January 2026. In this context, it is noted that the addendum to the concession agreement includes the addition of a clause regarding the maintenance of fiscal stability, in which the parties and the Bulgarian Minister of Energy undertake to discuss mechanisms for protection of the concessionaires' rights in the event of material fiscal changes.

In the Agreement, the parties agreed to work jointly vis-à-vis the Bulgarian government and the Bulgarian Ministry of Energy in connection with amendments to the Ordinance for determining the concession royalty payments for the production of underground resources and extension of the period of the appraisal drillings in the project to two (2) years in lieu of one (1) year.

It is noted in this context that on 8 December 2025, the Bulgarian Ministry of Energy released a draft of new regulations for determining royalty payments to the Bulgarian government (the "**Draft Regulations**"), which are determined by multiplying the economic value of annual production by the royalty rate payable to the government, which rate is determined based on the R-Factor formula, according to the following brackets (and compared to the royalty rate under the Bulgarian regulation applicable on the date of this report<sup>2</sup>):

<b><u>R-Factor</u></b>	<b><u>Royalty Rate</u></b>	<b><u>Royalty Rate Under the Draft Regulations</u></b>
< 1.5	2.5%	3.5%
1.5 – 1.75	5%	7%
1.75 – 2	10%	9%-11.49%
2 – 2.5	12.5%	11.5%-13.99%
2.5 – 3	22.5%	14%-19.99%
> 3	30%	20%-35%

It is further proposed to establish in the Draft Regulations a minimum annual royalty payment obligation, calculated based on 10% of the following product: (a) the projected average annual output for the concession period (the output determined at the time the concession was granted or the average output according to the approved work program for production and initial processing) multiplied by; (b) the minimum royalty rate according to the R-Factor formula (3.5% at the R<1.5 bracket); and by (c) the weighted average sales price for the period (based on the concessionaire's figures, which shall not be lower than a market price determined by arm's length transactions between unrelated parties).

<sup>2</sup> See also Section 7.8.5(b)(1) of Chapter A of the Periodic Report.

In addition, in connection with the Transaction, an agreement was reached on an amendment to the original agreement, signed between NewMed Balkan and OMV Bulgaria, which is described in Section 7.8.2 of the Periodic Report, such that subject to the closing of the agreement for the sale of the interests, the sum total that NewMed Balkan undertook to pay for each one of the two drillings shall be reduced proportionately to the reduction in the holding rate of NewMed Balkan in the block – from €50 million to €45 million for each one of the two drillings (in total from €100 million to €90 million).

**The closing of the Transaction and the above estimate regarding the parties' actions to promote amendments to the regulation in Bulgaria, including with respect to the royalties to the Bulgarian government, constitute forward-looking information within the meaning thereof in the Securities Law, 5728-1968, which may not materialize or may materialize in a substantially different manner, due to factors beyond the Partnership's control and subject to the decisions of the Bulgarian government, to legislative amendments insofar as required and to the influence of various factors including market conditions, regulation, external circumstances, new findings and economic viability.**

Sincerely,

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

By Yossi Abu, CEO  
and Zvi Karcz, VP Exploration