

THIS DOCUMENT AND THE ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000, as amended (“FSMA”) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This document (“**this document**”), which comprises: (i) a circular prepared in accordance with the Listing Rules of the Financial Conduct Authority of the United Kingdom (“**FCA**”) made under section 73A of FSMA (the “**Listing Rules**”) for the purposes of the General Meeting convened pursuant to the Notice of General Meeting set out at the end of this document; and (ii) a prospectus for the purposes of Article 6 of the UK version of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended) (the “**UK Prospectus Regulation**”), relating to Capricorn Energy PLC (“**Capricorn**”, the “**Parent**”, or the “**Company**” and, together with its subsidiaries, the “**Capricorn Group**”), has been approved by the FCA, as competent authority under the UK Prospectus Regulation, in accordance with section 87A of FSMA, and prepared and made available to the public in accordance with the Prospectus Regulation Rules of the FCA made under section 73A of FSMA (the “**Prospectus Regulation Rules**”). In relation to the prospectus components of this document, the FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation and such approval should not be considered as an endorsement of the issuer that is the subject of this document or of the quality of the securities that are the subject of this document. Investors should make their own assessment as to the suitability of investing in the securities. This document has been filed with the FCA and made available to the public in accordance with paragraph 3.2.1 of the Prospectus Regulation Rules.

If you sell or otherwise transfer or have sold or otherwise transferred all of your holding of Ordinary Shares, please forward this document, together with the accompanying YELLOW Form of Proxy, as soon as possible, to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you sell or otherwise transfer or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected. However, the distribution of this document and the accompanying YELLOW Form of Proxy into jurisdictions other than the United Kingdom may be restricted by law. Therefore, persons outside the United Kingdom into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Company, the Directors and the Proposed Directors, whose names appear in paragraph 1 of Part XVI (*Directors, Employees and Corporate Governance*) of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company, the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

For the purposes of Rule 19.2 of the Takeover Code only, (i) the directors of Delek Group, whose names are set out in paragraph 2.3 (Delek Directors) of Part III (*Details of the Takeover Panel Rule 9 Waiver*) of this document accept responsibility for the information contained in that part of the document relating to Delek Group, the Delek Concert Party (excluding NewMed), and the directors of Delek Group and Delek Energy; (ii) the NewMed Directors accept responsibility for the information contained in that part of the document relating to NewMed only; and (iii) Mr. Tshuva accepts responsibility for the information contained in that part of the document relating to him and the Tshuva Concert Party. To the best of the knowledge and belief of the directors of Delek Group, the NewMed Directors and Mr. Tshuva (who have each taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information. For the avoidance of doubt, this paragraph is without prejudice to the responsibility statement relating to the Company, the Directors and the Proposed Directors set out above.

The release, publication or distribution of this document in jurisdictions other than the UK may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the UK should inform themselves about, and observe, any applicable requirements. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document has been prepared to comply with requirements of English law, the Listing Rules, the Prospectus Regulation Rules and the rules of the London Stock Exchange plc (“**LSE**”) and information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside England and Wales. Unless otherwise determined by the Company and permitted by applicable law and regulation, this document is not for release, publication or distribution, directly or indirectly, in whole or in part, in, into or from the United States, Australia, Canada, New Zealand, the Republic of South Africa, the Republic of Ireland or any other

state or jurisdiction in which the same would be restricted, unlawful or unauthorised (each a “**Restricted Territory**”). This document does not constitute an offer to purchase, subscribe for, sell or issue or the solicitation of an offer to purchase, subscribe for, sell or issue shares in the capital of the Company in any Restricted Territory or to any person to whom it is unlawful to make such offer or solicitation. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions. Subject to certain exemptions, the securities referred to herein may not be offered or sold in any Restricted Territory or for the account or benefit of any national resident or citizen of any Restricted Territory.

The New Ordinary 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, the New Ordinary 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. The New Ordinary 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 NewMed prior to, or of the Combined Group after, the date of Completion will be subject to certain US transfer restrictions relating to the New Ordinary Shares received pursuant to the Scheme. None of the securities referred to in this document has been approved or disapproved by the US Securities and Exchange Commission (the “**SEC**”), any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon, determined or endorsed the merits of the Combination or the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

The New Ordinary Shares generally should not be treated as “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and persons who receive securities under the Scheme (other than “affiliates” as described in the paragraph below) may resell them without restriction under the US Securities Act. Under US securities laws, persons who are affiliates (as defined under the US Securities Act) of Capricorn or NewMed at Completion may not offer or sell the New Ordinary Shares received under the Scheme without registration under the US Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Whether a person is an affiliate of a company for such purposes depends upon the circumstances, but affiliates of a company can include certain officers and directors and significant shareholders. NewMed Unitholders who believe they may be affiliates for the purposes of the US Securities Act should consult their own legal advisers prior to any resale of New Ordinary Shares received under the Scheme.

For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10), NewMed will advise the Israeli Circuit Court through counsel that its sanctioning of the Scheme will be relied upon by Capricorn as an approval of the Scheme following a hearing on its fairness to NewMed Unitholders, at which hearing all NewMed Unitholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all NewMed Unitholders.

The Combination relates to the securities of a UK-registered company and an Israeli partnership listed on the LSE and the TASE, respectively, and is proposed to be effected in part 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 Securities Exchange Act of 1934, as amended. The Combination is subject to United Kingdom and Israeli disclosure requirements, which are different from certain United States disclosure requirements. The financial information included in this document has been prepared in accordance with IFRS and may not be comparable to financial information of companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Company has not analysed or determined the US tax consequences to a US holder of receiving New Ordinary Shares pursuant to the Scheme, or owning Ordinary Shares following Completion. In addition, the Company will not provide any annual determinations as to whether it is a passive foreign investment company for US federal income tax purposes for any taxable year. Each US holder is urged to consult his or her independent professional adviser immediately regarding any tax payment, tax reporting or other tax consequences of the Combination and ownership of Ordinary Shares under applicable US federal, state, local or other tax laws.



CAPRICORN ENERGY PLC
(to be renamed NewMed Energy plc)

(incorporated and registered in Scotland with registered number SC226712)

Combined Prospectus and Circular:

Proposed Combination with NewMed Energy – Limited Partnership, Readmission of 315,072,439 Existing Ordinary Shares and Admission of 2,743,883,113 New Ordinary Shares

Approval of waiver of the obligation to make an offer under Rule 9 of the City Code on Takeovers and Mergers

and

Notice of General Meeting

Sponsor and financial adviser
Rothschild & Co

Financial adviser
Goldman Sachs International

Financial adviser and corporate broker
Morgan Stanley

This document, and all documents incorporated into it by reference, should be read as a whole along with the documents incorporated by reference herein. Your attention is drawn to the letter from the Chair which is set out in Part I (*Letter from the Chair of Capricorn*) and which contains a recommendation from the Directors that Capricorn Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. Your attention is also drawn to the section of this document entitled “Risk Factors”, which includes a discussion of certain risk factors which should be taken into account when considering the matters referred to in this document. A Notice of the General Meeting to be held at The Sheraton Grand Hotel, 1 Festival Square, Edinburgh EH3 9SR at 9.00 a.m. on 1 February 2023 is set out in Part XXII (*Notice of General Meeting*). Whether or not you intend to be present at the General Meeting, you are asked to complete and return the enclosed YELLOW Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, by not later than 9.00 a.m. on 30 January 2023 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). You may also submit your proxy electronically via the www.sharevote.co.uk website by not later than 9.00 a.m. on 30 January 2023 using your Voting ID, Task ID and Shareholder Reference Number set out on the YELLOW Form of Proxy. Further information regarding the use of this facility is set out in the notes to the Notice of General Meeting. If you are a member of CREST, you may be able to use the CREST electronic proxy appointment service. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by the Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, by not later than 9.00 a.m. on 30 January 2023 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). The completion and return of a YELLOW Form of Proxy will not preclude you from attending and voting in person at the General Meeting, should you so wish. References to time in this document are to London, United Kingdom time unless otherwise stated.

The Ordinary Shares are admitted to the premium listing segment of the Official List and to the LSE's main market for listed securities. As the Combination is classified as a reverse takeover under the Listing Rules, under the terms of the Combination, the listing of the Existing Ordinary Shares will be cancelled and applications will be made to the FCA for the Existing Ordinary Shares to be readmitted to the premium listing segment of the Official List and to the LSE for the Existing Ordinary Shares to be readmitted to trading on the LSE's main market for listed securities (collectively, “**Readmission**”).

Applications will also be made to the FCA for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the LSE for the New Ordinary Shares to be admitted to trading on the LSE's main market for listed securities (collectively, “**Admission**”).

Application will also be made for admission of the Existing Ordinary Shares and the New Ordinary Shares to the Tel Aviv Stock Exchange ("TASE"). Whilst it is the Ordinary Shares themselves which shall be listed on the TASE, on Completion, the New Ordinary Shares will settle on the TASE for NewMed Unitholders and the General Partner in the form of beneficial entitlements to the underlying New Ordinary Shares. No application has been, or is currently intended to be, made for the Existing Ordinary Shares and the New Ordinary Shares to be admitted to listing or dealt with on any other stock exchange.

Subject to the satisfaction or waiver of the conditions to which the Combination is subject, it is currently expected that Readmission and Admission will become effective and dealings in the Existing Ordinary Shares and the New Ordinary Shares after Readmission and Admission on the LSE will commence at 8.00 a.m. on the date of Completion. It is expected that admission to the TASE and dealings in Ordinary Shares, fully paid, will commence on the TASE as soon as practicable thereafter.

No New Ordinary Shares or any other securities in the Company have been marketed to, or are available for purchase, in whole or in part, by the public in the UK or elsewhere in connection with the Readmission of the Existing Ordinary Shares or the Admission of the New Ordinary Shares to the premium listing segment of the Official List and the LSE's main market for listed securities. This document does not constitute or form part of any invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue Ordinary Shares.

No person has been authorised to give any information or make any representations other than those contained in this document and any document incorporated by reference and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, NewMed, the Directors, the Proposed Directors, Rothschild & Co, Goldman Sachs International or Morgan Stanley. The Company will comply with its obligation to publish supplementary prospectuses or circulars containing further updated information required by law or by any regulatory authority but assumes no further obligation to publish additional information.

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Goldman Sachs International, which is authorised by the Prudential Regulation Authority (the "**PRA**") and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively for Capricorn and no one else in connection with the Combination and any other matters set out in this announcement. Neither Goldman Sachs International nor its affiliates, nor their respective partners, directors, officers, employees or agents are responsible to anyone other than Capricorn for providing the protections afforded to clients of Goldman Sachs International or for providing advice in connection with the Combination described in this announcement or for any other matters referred to herein.

Morgan Stanley & Co. International plc ("**Morgan Stanley**") is acting as financial advisor to Capricorn and to no one else. Morgan Stanley is authorised by the PRA and regulated by the FCA and the PRA. In connection with such matters, Morgan Stanley's and its affiliates' respective directors, officers, employees and agents will not regard any other person as its client, nor will Morgan Stanley be responsible to anyone other than Capricorn for providing the protections afforded to their clients or for providing advice in connection with the matters described in this announcement or any matter referred to herein.

J.P. Morgan Securities plc ("**J.P. Morgan**"), and which is authorised in the United Kingdom by the PRA and regulated by the PRA and the FCA, is acting as financial adviser exclusively for NewMed and no one else in connection with the Combination and will not regard any other person as its client in relation to the Combination and will not be responsible to anyone other than NewMed for providing the protections afforded to clients of J.P. Morgan or its affiliates, nor for providing advice in relation to the Combination or any other matter or arrangement referred to herein.

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Capitalised terms have the meanings ascribed to them in the 'Definitions' section of this document.

This document is dated 13 January 2023.

TABLE OF CONTENTS

	Page
SUMMARY	1
RISK FACTORS	8
IMPORTANT INFORMATION	58
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	71
ISSUE STATISTICS	72
DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS	73
Part I Letter from the Chair of Capricorn	75
Part II Principal Terms and Conditions of the Combination	100
Part III Details of the Takeover Panel Rule 9 Waiver	107
Part IV Information on the Combined Group	125
Part V Information on the Capricorn Group	134
Part VI Information on the NewMed Group	148
Part VII Selected Financial Information for the Capricorn Group	191
Part VIII Selected Financial Information for the NewMed Group	197
Part IX Operating and Financial Review Relating to the Capricorn Group	205
Part X Operating and Financial Review Relating to the NewMed Group	213
Part XI Historical Financial Information Relating to the Capricorn Group	242
Part XII Historical Financial Information Relating to the NewMed Group	337
Part XIII Unaudited Pro Forma Financial Information	410
Part XIV Resources Consultant's Reports on the NewMed Group	417
Part XV Taxation	540
Part XVI Directors, Employees and Corporate Governance	552
Part XVII The Combined Group's Regulatory Environment	596
Part XVIII Additional Information	614
Part XIX Definitions	655
Part XX Glossary of Technical Terms	684
Part XXI The Capricorn Group's HSE, CSR and ESG Policies	687
Part XXII Notice of General Meeting	694

SUMMARY

1. Introduction and warnings

Details of the issuer: The issuer is Capricorn Energy PLC (“**Capricorn**” or the “**Company**”), a public limited company incorporated in Scotland with registered number SC226712. The Company’s registered office is situated at 50 Lothian Road, Edinburgh, EH3 9BY. The telephone number of the Company’s head office is +44 (0)131 475 3000 and its legal entity identifier is 213800ZJEUQ8ZOC9AL24.

Details of the securities: The Existing Ordinary Shares are registered with ISIN GB00BN0SMB92 and are traded on the main market for listed securities of the LSE under the ticker symbol “CNE”. The ISIN for the New Ordinary Shares will be ISIN GB00BN0SMB92.

Details of the FCA: This document has been approved by the FCA as the competent authority under the UK Prospectus Regulation. The head office of the FCA is at 12 Endeavour Square, London, E20 1JN. The telephone number of the FCA is +44 (0)20 7066 1000.

Date of approval: This document was approved by the FCA on 13 January 2023.

Warnings: This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on a consideration of the document as a whole. If you decide to invest in the securities, all or part of any capital invested could be lost. Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of this document, or where it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in the securities.

2. Key information on the issuer

2.1 Who is the issuer of the securities?

The Company was incorporated and registered with the name of Randotte (No. 507) Limited in Scotland on 7 January 2002 with registered number SC226712. The Company was reregistered as a public limited company on 5 December 2002, and its name was changed from Randotte (No. 507) Limited to New Cairn Energy PLC. The name of the Company was changed to Cairn Energy PLC on 19 February 2003 and to Capricorn Energy PLC on 10 December 2021.

Principal activity: The principal activity of the Company is to act as the ultimate holding company of the Capricorn Group (the “**Capricorn Group**”). The principal legislation under which the Company operates is the Companies Act 2006 and the regulations made thereunder.

Major shareholders: As at the Latest Practicable Date, the Company had received notification from the following institutions of their significant holdings of voting rights (3 per cent. or more) of the Company’s issued share capital:

Shareholder	Notified number of Ordinary Shares	Notified percentage of voting rights
Madison Avenue Partners	25,380,902	8.06
Kite Lake Capital Management	23,293,368	7.39
Palliser Capital	21,596,799	6.85
Newtyn Partners	19,064,348	6.05
BlackRock	16,765,359	5.32
Vanguard Group	14,996,549	4.76
Dimensional Fund Advisors	14,134,854	4.49
Societe Generale	13,206,215	4.19
Legal & General Investment Management	12,192,249	3.87
Sand Grove Capital Management	9,791,451	3.11

Immediately following Completion, Delek Group is expected to hold (directly and indirectly) Ordinary Shares carrying approximately 49.47 per cent. of the total voting rights of the Combined Company. As such Delek Group will be deemed a controlling shareholder of the Company and, in compliance with the Listing Rules, has entered into a Relationship Agreement on customary terms with the Company, the key provisions of which will take effect from Readmission and Admission.

Key managing directors: Simon Thomson (Chief Executive Officer) and James Smith (Chief Financial Officer) (as at the date of this document). Yossi Abu (Chief Executive Officer) and James Smith (Chief Financial Officer) (following Completion).

Statutory auditors: PricewaterhouseCoopers LLP of 144 Morrison Street, Edinburgh, EH3 8EB (since 23 May 2013).

2.2 What is the key financial information regarding the issuer?

Capricorn Group selected historical key financial information: In respect of the selected financial information relating to the financial years ended 31 December 2019 and 31 December 2020 in the tables below, these have been extracted without material adjustment from the audited consolidated financial statements for the Capricorn Group, and have been incorporated by reference into this document.

In respect of the selected financial information relating to the financial year ended 31 December 2021, along with comparative financial information relating to the financial year ended 31 December 2020, in the tables below, these have been audited and restated in a manner consistent with the accounting standards framework that will be applied by the Combined Group in their next published annual financial statements (subject to Completion). In respect of the selected financial information relating to the six-month period ended 30 June 2022, along with comparative financial information relating to the six-month period ended 30 June 2021 respectively, in the tables below, these are unaudited and have been restated in a manner consistent with the accounting standards framework that will be applied by the Combined Group in their next published annual financial statements (subject to Completion).

Capricorn Shareholders and prospective Capricorn investors should read the whole of this document and not just rely on the summarised financial information set out in this section.

Capricorn Group Income Statement

	Six months ended 30 June		Year ended 31 December			
	2022 (unaudited and restated)	2021 (unaudited and restated)	2021 (audited and restated)	2020 (audited and restated)	2020 (audited and not restated)	2019 (audited and not restated)
(US dollars in millions, unless otherwise indicated)						
Revenue	137.4	0.5	57.1	0.4	394.7	533.4
Cost of sales	(32.8)	-	(20.5)	-	(115.5)	(73.1)
Operating (loss)/profit	(44.1)	(47.6)	(107.6)	(154.6)	(67.1)	154.9
Exceptional income – India tax refund	-	-	1,070.7 ⁽¹⁾	-	-	-
(Loss)/Profit before tax from continuing operations	(55.5)	(87.6)	897.0	(181.6)	(117.4)	119.5
(Loss)/Profit after tax from continuing operations	(80.1)	(87.6)	892.8	(181.7)	(117.5)	119.2
Basic (loss)/earnings per share (cents)	(19.70)	(17.58)	180.30	(31.18)	(20.16)	20.47
(Loss)/Profit for the year attributable to equity holders of the Parent	40.8	(100.4)	917.8	(282.4)	(393.8)	93.6

(1) Note that this figure relates to the India tax refund as converted to US\$ at 31 December 2021, which has been recorded as an amount receivable at that date under the Capricorn Group's income and cash flow statements in this document. Elsewhere in this document, the India tax refund is stated to be US\$1.06 billion – this is the actual cash receipt amount, as converted from INR 79 billion at the date of settlement in February 2022.

Capricorn Group Balance Sheet

	As at 30 June	As at 31 December			
	2022 (unaudited and restated)	2021 (audited and restated)	2020 (audited and restated)	2020 (audited and not restated)	2019 (audited and not restated)
	(US dollars in millions, unless otherwise indicated)				
Non-current assets	495.6	546.8	873.2	973.4	1,664.8
Current assets ¹	1,159.3	1,622.71	661.9	661.9	280.7
Total assets	1,654.9	2,169.5	1,535.1	1,635.3	2,089.0
Non-current liabilities	248.4	261.4	366.9	366.9	399.7
Current liabilities	181.5	186.4	142.8	142.8	196.2
Total liabilities	429.9	447.8	509.7	509.7	633.5
Net assets	1,225.0	1,721.7	1,025.4	1,125.6	1,455.5
Total Equity	1,225.0	1,721.7	1,025.4	1,125.6	1,455.5

Capricorn Group Cash Flow Statement

	Six months ended 30 June	Year ended 31 December				
	2022 (unaudited and restated)	2021 (unaudited and restated)	2021 (audited and restated)	2020 (audited and restated)	2020 (audited and not restated)	2019 (audited and not restated)
	(US dollars in millions, unless otherwise indicated)					
Net cash flows (used in)/from operating activities	(0.8)	85.3	160.6	218.8	257.9	406.5
Net cash flows from/(used in) investing activities	1,050.8	(24.5)	(276.7)	264.7	225.6	(166.2)
Net cash flows from/(used in) financing activities	(557.0)	(295.5)	(147.9)	(69.3)	(69.3)	(152.9)
Cash and cash equivalents at beginning of period	314.1	569.6	569.6	153.7	153.7	66.3
Net increase/(decrease) in cash and cash equivalents	493.0	(234.7)	(264.0)	414.2	414.2	87.4
Closing cash equivalents	809.0	341.1	314.1	569.6	569.6	153.7

NewMed Group selected historical key financial information: The tables below set out selected key financial information for the NewMed Group as at and for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021 and in respect of the nine-month periods ended 30 September 2022 and 2021. The tables below set forth the results of operations derived from the NewMed Financial Statements for the periods indicated and should be read in conjunction with, and are qualified in their entirety by reference to, the NewMed Financial Statements and notes thereto, which are included elsewhere in this document.

NewMed Group Statement of Profit or Loss

	Nine months ended 30 September		Year ended 31 December		
	2022 (audited)	2021 ⁽¹⁾ (unaudited)	2021 ⁽¹⁾ (audited)	2020 ⁽¹⁾ (audited)	2019 ⁽¹⁾ (audited)
(US dollars in millions, unless otherwise indicated)					
Continuing operations					
Sales from contracts with customers	855.7	681.3	882.5	587.1	4.1
Royalties	(130.9)	(101.7)	(128.7)	(86.3)	(0.8)
Revenue	724.8	579.6	753.8	500.8	3.3
Cost of sales	(189.4)	(152.0)	(231.5)	(169.1)	(25.0)
Gross profit/(loss)	535.4	427.6	522.3	331.7	(21.7)
Exploration and evaluation expenses	(3.2)	(2.5)	(4.2)	(3.4)	(14.5)
Impairment of exploration and evaluation assets	(14.6)	-	-	-	-
General and administrative expenses	(11.9)	(11.9)	(17.2)	(14.6)	(11.1)
Levy	-	-	-	-	4.6
Share of loss of an associate	(3.4)	(3.7)	(4.5)	(7.7)	-
Operating profit (loss)	502.3	409.5	496.3	306.0	(42.7)
Gain on financial assets at fair value through profit or loss	50.9	24.9	26.4	82.7	57.3
Finance income	4.4	4.6	5.0	5.3	11.8
Finance costs	(112.6)	(153.3)	(211.3)	(231.8)	(44.7)
Profit/(loss) before tax from continuing operations	445.0	285.7	316.4	162.2	(18.3)
Income tax expense	(110.3)	(216.3)	(207.8)	-	-
Profit/(loss) from continuing operations	334.7	69.4	108.6	162.2	(18.3)
Discontinued operations					
Profit/(loss) from discontinued operations	(10.8)	117.6	151.7	203.1	242.1
Gain on sale of oil and gas properties	4.3	-	144.6	-	-
Total profit/(loss) from discontinued operations	(6.5)	117.6	296.3	203.1	242.1
Profit for the period	328.2	187.0	404.9	365.3	223.8
Basic and diluted earnings/(losses) per Unit (\$ per Unit)					
Continuing operations	0.285	0.059	0.093	0.138	(0.016)
Discontinued operations	(0.005)	0.100	0.252	0.173	0.206
Net earnings per Unit	0.280	0.159	0.345	0.311	0.190

(1) In December 2021, the NewMed Group completed the sale of its interests in the Tamar Project. The results of operations from the Tamar Project (which constituted substantially all of the NewMed Group's revenue in 2019) for the nine months ended 30 September 2021 and for the years 2021, 2020 and 2019 are presented as discontinued operations.

NewMed Group Statement of Financial Position

	As at 30 September	As at 31 December		
	2022 (audited)	2021 (audited)	2020 (audited)	2019 (audited)
(US dollars in millions, unless otherwise indicated)				
Total non-current assets	3,172.1	3,269.3	4,166.8	4,134.9
Total current assets	719.7	580.7	417.9	368.3
Total assets	3,891.8	3,850.0	4,584.7	4,503.2
Total current liabilities	634.0	384.5	566.1	527.8
Total non-current liabilities	2,089.9	2,527.0	3,020.9	3,161.9
Total liabilities	2,723.9	2,911.5	3,587.0	3,689.7
Equity	1,167.9	938.5	997.7	813.5

NewMed Group Cash Flows

	Nine months ended 30 September		Year ended 31 December		
	2022 (audited)	2021 (unaudited)	2021 (audited)	2020 (audited)	2019 (audited)
	(US dollars in millions)				
Cash from operating activities:					
Total profit for the period	328.2	187.0	404.9	365.3	223.8
Net cash flows from operating activities	361.2	416.8	453.7	328.7	254.0
Cash flow from investing activities:					
Net cash flows (used in)/from investing activities	(140.4)	(142.0)	982.0	(241.8)	(703.6)
Net cash flows (used in)/from financing activities	(387.6)	(56.6)	(1,285.5)	(187.9)	476.7
Increase/(decrease) in cash and cash equivalents	(166.8)	218.2	150.2	(101.0)	27.1
Cash and cash equivalents and beginning of period	220.2	70.0	70.0	171.0	143.9
Cash and cash equivalents at end of period	53.4	288.2	220.2	70.0	171.0

There are no qualifications in the auditor's report on the historical financial information.

Selected pro forma key financial information:

The Unaudited Pro Forma Income Statement in respect of the Combined Group has been prepared on the basis of the audited consolidated income statements of the NewMed Group for the year ended 31 December 2021 and the audited consolidated restated income statement of the Capricorn Group for the year ended 31 December 2021. The Unaudited Pro Forma Statement of Net Assets in respect of the Combined Group has been prepared on the basis of the unaudited consolidated balance sheet of the Capricorn Group as at 30 June 2022 and the audited consolidated balance sheet of the NewMed Group as at 30 September 2022 (both dates being the respective date of the latest published financial information for the Capricorn Group and the NewMed Group) to illustrate the effect on the net assets of the Combined Group of the Combination as if it had taken place on 30 September 2022. The Unaudited Pro Forma Financial Information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Capricorn Group's, the NewMed Group's or the Combined Group's actual financial position or results. Such information may not, therefore, give a true picture of the Capricorn Group's, the NewMed Group's or the Combined Group's financial position or results of operations nor is it indicative of the Capricorn Group's, the NewMed Group's or the Combined Group's future results.

The form of the Unaudited Pro Forma Financial Information has been presented and prepared in a form consistent with the accounting standards framework that will be adopted in Capricorn's next published annual financial statements, subject to Completion of the Combination, and in accordance with the requirements of sections 1 and 2 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended) (the "**Prospectus Delegated Regulation**").

The unaudited pro forma profit before tax for the Combined Group for the financial year ended 31 December 2021 is US\$1,453.1 million. The unaudited consolidated pro forma net assets for the Combined Group as at 30 September 2022 is US\$1,712.5 million.

2.3 What are the key risks specific to the issuer?

Completion is subject to a number of Conditions which may not be satisfied or waived or which may be satisfied subject to conditions imposed by regulatory bodies or other third parties and may result in Completion being delayed or the Combination not completing.

Downward pressure on natural gas and oil prices could have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's revenues. Reduced demand from buyers under the Egypt Concessions and/or the Leviathan Offtake Agreements could lead to a reduction in revenues to take-or-pay levels, and there is no guarantee take-or-pay provisions will be included in future Offtake Agreements, either of which could have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following

Completion, the Combined Group's revenues. Many key facilities used to produce or transport gas from the Combined Group Assets are subject to security risks. The Capricorn Group, the NewMed Group, and, following Completion, the Combined Group are exposed to counterparty risk in respect of the Leviathan Interest, the Egypt Concessions, the NEPCO Export Agreement and the BOE Export Agreement. Levels of contingent payment rights based on: (i) variable oil production from the Catcher/Kraken Interests and (ii) timing of first oil on the Sangomar project may be lower than estimated or expected. The Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's and its operators' operations are subject to regulations and other requirements which may negatively impact operations and financial condition.

Global macroeconomic factors could adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group face political, economic, legal, regulatory and social uncertainties in certain jurisdictions in which they operate. Estimated levels of gas and oil reserves and contingent resources, their quality and production volumes contained in this document are subject to various uncertainties and may be lower than estimated or expected.

Climate change abatement legislation may have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's industry. The Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's and its operators' operations are subject to numerous and complex environmental, health and safety laws, regulations and other requirements which may result in material liabilities, costs and obligations.

3. Key information on the securities

3.1 What are the main features of the securities?

Type, class and ISIN of the securities: The Existing Ordinary Shares are fully paid ordinary shares with a nominal value of 21/13 pence each. The Company has and, after Readmission and Admission will have, one class of ordinary shares. The Existing Ordinary Shares are registered with ISIN GB00BN0SMB92 and are traded on the main market for listed securities of the LSE under ticker symbol "CNE".

Following Readmission and Admission, the Existing Ordinary Shares and the New Ordinary Shares to be issued in connection with the Combination will be registered with ISIN GB00BN0SMB92. Following Readmission and Admission, the Existing Ordinary Shares and the New Ordinary Shares will trade under ticker symbol "NWMD". The New Ordinary Shares will be the same class as the Existing Ordinary Shares. Both the New Ordinary Shares and Existing Ordinary Shares will be denominated in pounds sterling.

Number of issued and fully paid securities: As at the Latest Practicable Date, there were 315,072,439 Ordinary Shares in issue. It is anticipated that 2,743,883,113 New Ordinary Shares will be issued pursuant to the Combination. The New Ordinary Shares will have a nominal value of 21/13 pence each and will be fully paid.

Rights attaching to the securities: The New Ordinary Shares will, following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, including in relation to dividends or other distributions, paid or declared after the date of issue of the New Ordinary Shares. All Ordinary Shares will have equal rights to participate in capital, dividend and distributions paid or declared after the date of issue of the New Ordinary Shares. In the event of insolvency, the Ordinary Shares will rank behind any creditors or prior ranking capital of the Company and therefore any return for Capricorn Shareholders will depend on the Company's assets being sufficient to meet prior entitlements of creditors.

On a show of hands at the Company's general meetings every Capricorn Shareholder who is present and every person holding a valid proxy shall have one vote and on a poll every Capricorn Shareholder present in person or by proxy shall have one vote per Ordinary Share. Resolutions put to the meeting will generally be decided on a poll.

Restrictions on transferability: There are no restrictions on the transferability of the securities, except as imposed by law.

Dividend policy: The Directors believe that the Combination will create a business with the potential to offer a significant annual dividend for the Combined Group Shareholders. The directors intend to adopt a dividend distribution policy initially targeting a minimum annual dividend of 30 per cent. of annual free cash flow (prior to growth capital expenditure being taken into account and after financing costs have been deducted). The Company expects to obtain the Israeli Tax Ruling from the ITA on the terms as set out in Section B (*Israel Taxation*) of Part XV (*Taxation*) below. The Israeli Tax Ruling has not yet been finalised, and discussions with the ITA are ongoing. Capricorn Shareholders should be aware that the Israeli Tax Ruling is expected to impose limitations on the extent to which distributions from NewMed to the Company can be retained by the Company.

3.2 Where will the securities be traded?

The Existing Ordinary Shares are admitted, and application will be made for the New Ordinary Shares to be admitted and the Existing Ordinary Shares to be readmitted, to the premium listing segment of the Official List of the FCA and to trading on the LSE's main market for listed securities. An application will be made for the Existing Ordinary Shares and the New Ordinary Shares to be admitted to trading on the TASE. Whilst the Ordinary Shares themselves will be listed on the TASE, on Completion, the New Ordinary Shares will settle on the TASE for NewMed Unitholders and the General Partner in the form of beneficial entitlements to the underlying New Ordinary Shares.

3.3 What are the key risks that are specific to the securities?

Existing Capricorn Shareholders will hold, following Completion, reduced ownership and voting interests in the Combined Group compared to those that they currently hold in Capricorn. The ability of Capricorn, and, following Completion, the Combined Company to pay dividends in the future, including to pay the Special Dividend immediately prior to Completion, will be dependent on the financial performance and capital requirements of the Capricorn Group and, following Completion, the Combined Group. Market reaction to or speculation regarding the Combination and likelihood of Completion, and sales of New Ordinary Shares following Completion, could increase the volatility of the market price of Existing Ordinary Shares prior to Completion.

4. Key information on the admission to trading on a regulated market

4.1 Under which conditions and timetable can I invest in this security?

Prospective investors should be aware that the value of an investment in the Company may go down as well as up and any fluctuations may be material. The market value of the Ordinary Shares can fluctuate substantially and may not always reflect the underlying value or prospects of the Capricorn Group or, following Completion, the Combined Group.

No Ordinary Shares or any other securities in Capricorn have been marketed to, or are available for purchase, in whole or in part, by the public in the UK or elsewhere in connection with the Admission of the New Ordinary Shares, and Readmission of the Existing Ordinary Shares. This document does not constitute or form part of any invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue Ordinary Shares.

Dilution: Subject to Completion, 2,743,883,113 New Ordinary Shares will be issued in connection with the Combination. This will result in the Company's issued share capital increasing by approximately 971 per cent. Following Completion, Existing Capricorn Shareholders will be subject to an immediate dilution as a result of the issue, following which they are expected to own approximately 10.3 per cent. of the Combined Group.

Costs and expenses: The total costs and expenses incurred by the Combined Group in connection with the Combination, Readmission and Admission are estimated to be £28.8 million (exclusive of VAT), comprising approximately £12.9 million payable by Capricorn and approximately US\$15.9 million payable by NewMed¹. No commissions, fees or expenses will be charged by the Company to any investor.

4.2 Why is this document being produced?

This document has been produced in connection with the Combination and the application to be made to the FCA for the New Ordinary Shares to be admitted, and for the Existing Ordinary Shares to be readmitted, to the premium listing segment of the Official List.

Total net proceeds: The Company is not offering any New Ordinary Shares for cash and therefore will not receive any proceeds.

¹ Based on USD:GBP rates on 11 January 2023.

RISK FACTORS

Any investment in Ordinary Shares (including the New Ordinary Shares) is subject to a number of risks and uncertainties. Before making any investment, prospective investors should carefully consider the factors, risks and uncertainties associated with any such investment and the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, strategy and the industry and macroeconomic environment in which they operate, together with all other information in this document and the information incorporated into this document by reference, including, in particular, the risk factors discussed below, and consult with their professional advisers.

Prospective investors should note that the risks and uncertainties identified in the section of this document headed "Summary" are the risks and uncertainties that the Directors and the Proposed Directors believe to be most essential to an assessment by a prospective investor of whether to consider an investment in New Ordinary Shares. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties that are not presently known to the Directors and the Proposed Directors, or which the Directors and the Proposed Directors would deem immaterial, may (individually or cumulatively) also have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, operating results, financial condition or prospects. If any such risks were to materialise, the price of the Ordinary Shares (including the New Ordinary Shares) could decline as a consequence and investors could lose all or part of their investment. Prospective investors should carefully consider whether an investment in the Ordinary Shares is suitable for them in light of the information in this document and their specific circumstances.

SECTION A: RISKS RELATING TO THE COMBINATION

- 1. Completion is subject to a number of Conditions which may not be satisfied or waived or which may be satisfied subject to conditions imposed by regulatory bodies or other third parties and may result in Completion being delayed or the Combination not completing.**

The Combination is subject to the Conditions, including, among other things:

- approval of the Combination by Capricorn Shareholders at the General Meeting through the passing of the Transaction Resolutions, including the Rule 9 Resolution;
- the Takeover Panel having waived, subject to the passing of the Rule 9 Resolution by Independent Shareholders, any obligation that might fall on a person to make an offer for Capricorn under Rule 9 of the Takeover Code;
- the approval of the Scheme by the relevant threshold of NewMed Unitholders (as described further at paragraph 3(C) of Part II (*Principal Terms and Conditions of the Combination*)) and approval of the Scheme by the competent Israeli court;
- approval by the Israeli Minister of Justice of the application of the Scheme to NewMed as an Israeli public limited partnership (in accordance with Section 351a(b) of the Israeli Companies Law);
- this Combined Prospectus and Circular having been approved by the FCA in a form approved by NewMed and Capricorn and the Israeli Prospectus having been approved by the ISA;
- approval by the FCA and the LSE of the Readmission of all Existing Ordinary Shares and Admission of all New Ordinary Shares to listing on the premium segment of the Official List and to trading on the LSE's main market for listed securities, respectively;
- approval by the ISA and TASE of the admission of all New Ordinary Shares and all Existing Ordinary Shares to the TASE pursuant to Chapter E'3 of the Israeli Securities Law;

- obtaining certain tax rulings from the ITA on terms reasonably satisfactory to both Capricorn and NewMed;
- no party (together with its concert parties, as agreed with the Takeover Panel) being entitled to receive New Ordinary Shares pursuant to the Combination which, in aggregate with any Ordinary Shares already held, would cause the shareholding of such party (together with its concert parties, agreed with the Takeover Panel) immediately after Completion to exceed the shareholding threshold beyond which Rule 9 of the Takeover Code will cease to apply to such party;
- obtaining required antitrust, regulatory and contractual approvals in relevant jurisdictions, including Cyprus, Arab Republic of Egypt, Israel and the United Kingdom;
- receipt of such approvals as may be required for the release of the pledges in respect of the Participation Units held by Delek Group and any of its subsidiaries;
- no material adverse effect in respect of, or material non-cash asset disposal (or prospective disposal) by, the NewMed Group or Capricorn Group having occurred between signing of the Business Combination Agreement and Completion; and
- no material breach of any warranty or pre-completion undertaking having occurred prior to Completion.

Although Capricorn and NewMed have agreed in the Business Combination Agreement to use certain efforts to satisfy the Conditions, there is no guarantee that the Conditions will be satisfied or, if waivable, waived. The Combination may, therefore, not complete or may, if Capricorn and NewMed agree to an extension, be delayed beyond the Longstop Date in order to satisfy the Conditions. If the Conditions are not satisfied or, if applicable, waived on or before the Longstop Date and either Capricorn or NewMed terminates the Business Combination Agreement, the Combination will not proceed, the benefits expected to result from the Combination will not be achieved, none of the New Ordinary Shares will be issued, and the market price of Ordinary Shares and Participation Units may be adversely affected. In the event of a delay, satisfying the Conditions may cost more than is currently envisaged and will require Capricorn's and NewMed's management to allocate further time and expense to the Combination (in addition to the significant time and expense already given) which would otherwise be spent in connection with the other activities of the Capricorn Group or the NewMed Group, as applicable. The aggregate consequences of a material delay to Completion may, therefore, have a material adverse effect on the business or prospects of the Capricorn Group, the NewMed Group or the Combined Group.

Israeli Tax Ruling

In relation to obtaining certain tax rulings from the ITA on terms reasonably satisfactory to both the Company and NewMed, the Company and NewMed have been in discussions with the ITA regarding the tax treatment of the Combination and the tax position of the Combined Group, and the Capricorn Shareholders, following Completion with a view to obtaining a ruling from the ITA (the “**Israeli Tax Ruling**”). The general terms of the rulings sought from the ITA as part of the Israeli Tax Ruling and the current status of discussions with the ITA are as set out in Section B (*Israel Taxation*) of Part XV (*Taxation*) of this document. As the Israeli Tax Ruling has not yet been finalised, and discussions with the ITA remain ongoing, there can be no guarantee that the Israeli Tax Ruling will be obtained on the terms set out in Section B (*Israel Taxation*) of Part XV (*Taxation*) of this document, or at all. If the Israeli Tax Ruling is not obtained (in whole or in part) or the ITA imposes additional or different conditions as part of the Israeli Tax Ruling, the tax treatment of Capricorn Shareholders and of the Combined Group could differ materially from that set out in Section B (*Israel Taxation*) of Part XV (*Taxation*) of this document or such conditions could make it more difficult for the Combined Group to obtain financing or otherwise raise funds, in each case which may reduce the anticipated benefits of the Combination and have a material adverse effect on the Combined Group's business and results of operations, as well as Capricorn Shareholders' own tax positions. Should the Company and NewMed be unable to obtain the Israeli Tax Ruling on terms reasonably satisfactory to both of them the Combination may not take place at all.

Further, if the Israeli Tax Ruling is obtained and (i) the Company breaches certain terms of the Israeli Tax Ruling or the ITO with respect to Combination (including by failing to maintain a holding of at least 51 per cent. of the partnership rights of NewMed during the two years following Completion), (ii) Delek Group (or any other equity holder of the Company and NewMed immediately after the Combination that is deemed to be a “controlling” shareholder under Section 103K of the ITO before the Combination), does not continue to hold rights in the Company, which constitute at least 25 per cent. of the total rights in the Company held by all such holders in the aggregate as at Completion, during the two years following Completion; or (iii) the deferred tax treatment is otherwise negated due to a breach of the provisions of the Israeli Tax Ruling or the ITO, under certain circumstances material adverse tax consequences may result to the Company and the Capricorn Shareholders, including that NewMed Unitholders who were entitled to tax deferred treatment as part of the Israeli Tax Ruling may be precluded from such treatment. Any such tax consequences may also reduce the anticipated benefits of the Combination and have a material adverse effect on the Combined Group’s business and results of operations, as well as Capricorn Shareholders’ own tax positions. Capricorn Shareholders should also be aware that, in the event of such a breach, in the Israeli tax year following the tax year in which completion of the Combination occurs, the ITA may exercise its discretion not to deny the tax deferral treatment for all or some of the respective taxpayers, if it is satisfied that the breach was caused by the unilateral action of a minority of Capricorn Shareholders without the knowledge or outside the control of the majority of Capricorn Shareholders, or that the breach was caused without the knowledge or outside the control of the Capricorn Shareholders. There is no guarantee that in such a case the ITA would exercise its discretion in this regard.

Antitrust, regulatory and contractual approvals

In relation to contractual approvals that may be required to be obtained in order to satisfy the Conditions, Capricorn’s assessment is that no counterparty change of control contractual rights in agreements with members of the Capricorn group are triggered by the Combination. However, there remains a risk that one or more contractual counterparties may interpret change of control provisions in the agreements differently and seek to argue that they have consent rights or other contractual rights that apply in connection with the Combination. In relation to the Combination, Chevron and Ratio have confirmed that they have no objection to the transaction.

In respect of the antitrust and regulatory related Conditions, certain governmental agencies from which the parties may seek approvals and consents have broad discretion in administering the governing regulations. Neither Capricorn nor NewMed can provide any assurance that all required approvals and consents will be obtained or the timing of their receipt. Moreover, as a condition to providing their approval, governmental agencies may impose requirements, limitations or costs (including assignment bonuses or fees) on, or require divestitures or place restrictions on the conduct of, the Combined Group’s business after Completion. No assurances can be given that such conditions will be accepted by Capricorn or NewMed, neither of whom is required under the Business Combination Agreement to agree to any remedies in connection with the satisfaction of any Condition. If Capricorn and NewMed do agree to any material requirements, limitations, costs, divestitures or restrictions in order to obtain any governmental approvals required to consummate the Combination then, in addition to causing a possible delay to Completion, these conditions may reduce the anticipated benefits of the Combination and have a material adverse effect on the Capricorn Group’s, the NewMed Group’s and, following Completion, the Combined Group’s business and results of operations.

No merger filing is required with the Israeli Competition Authority (“ICA”) with respect to the Combination. The Business Combination Agreement provides that Completion would be conditional upon Egyptian antitrust clearance, but only to the extent that a pre-completion mandatory and suspensory filing is required in this jurisdiction. Due to an amendment of the Egyptian Law on Protection of Competition and Prohibition of Monopolistic Practices No. 3 of 2005, published on 29 December 2022, the Egyptian merger control regime will now require pre-completion mandatory and suspensory filings. However, the effective application of the new pre-completion regime is contingent upon the publication of the execution regulations which constitute an integral part of the amendment. Capricorn and NewMed understand from local counsel that the issuance of the execution regulations is expected to be in the next few weeks and will clarify the pre-completion filing procedure in relation to the Business Combination Agreement.

Regulatory approvals and notifications to the Moroccan government concerning the Combination, including in respect of antitrust, are currently required in Morocco. However, the parties understand based on the advice of local counsel that the Moroccan legislative regime in this respect may change (possibly, before Completion), with the effect that such regulatory approval will no longer be needed.

Regarding Conditions related to regulatory approvals, Capricorn's assessment is that no prior regulatory approvals are required in Suriname, Mauritania and Mexico in connection with the Combination. Notifications have been made to the relevant regulators informing them of the Combination and of Capricorn's assessment that no approval is required from each of those regulators. Following Completion, notice will need to be given to authorities in Mexico evidencing that the Combination has not resulted in a change of control under the relevant production sharing contracts. In relation to the UK, a request for comfort on change of control was submitted to the North Sea Transition Authority in relation to Capricorn's UK licence interests in the UK continental shelf in November 2022. Capricorn has informed the regulator in Egypt of the transaction and continues to engage on whether any further information is required.

NewMed has informed the regulators in Israel (not including the ICA, the engagement with which is described above) and Cyprus of the transaction and of their assessment that no approval is required, while continuing to engage in order to receive regulatory confirmation on this point and to provide any additional information as may be requested. Regulators in Morocco have also been informed of the transaction.

If the outcomes required to meet the relevant antitrust and regulatory approval Conditions (including those described above, as well as any other antitrust, regulatory and contractual consents, or any other consent, waiver or confirmation of non-exercise of any material termination rights or pre-emption rights or similar rights, in connection with the Combination which NewMed and Capricorn determine to be reasonably necessary) are not obtained or received by Capricorn and/or NewMed, Completion may be delayed or prevented. Certain Conditions may not be capable of waiver, or Capricorn or NewMed (as appropriate) may not decide to waive any inability to satisfy the relevant Condition. If the Conditions are not satisfied or, if applicable, waived on or before the Longstop Date and either Capricorn or NewMed terminates the Business Combination Agreement, the Combination will not proceed.

Delek Group, a NewMed Unitholder, has issued certain series of bonds in the Israeli market secured by approximately 623 million Participation Units owned by Delek Group and its subsidiaries, which constitute approximately 53.06 per cent. of NewMed's unit capital. In connection with satisfaction of the Condition of receiving such approvals as may be required for the release of the pledges in respect of such Participation Units, Delek Group is considering how best to procure the release of the relevant pledges (including by refinancing such bonds or obtaining bondholder consent). Any delay in procuring, or inability to procure, such releases may result in a delay to Completion.

2. The market value of Ordinary Shares and Participation Units may fluctuate prior to Completion and, because the number of New Ordinary Shares to be issued for every Participation Unit will not change as a result of such value fluctuations, Capricorn cannot be sure of the market value of the Combination at and following Completion.

Under the terms of the Combination, each NewMed Unitholder and the General Partner will be entitled to receive 2.337344 New Ordinary Shares for each Participation Unit held as at the Unitholder Record Date (subject to adjustment in certain limited circumstances). Immediately following Completion, Capricorn Shareholders are expected to hold approximately 10.3 per cent. of the Combined Group and NewMed Unitholders, together with the General Partner, are expected to hold in aggregate approximately 89.7 per cent. of the Combined Group (based on the fully diluted share capital of Capricorn and the fully diluted unit capital of NewMed, in each case as at the Latest Practicable Date). No adjustments will be made to the terms of the transaction for any fluctuation of the price of Ordinary Shares or Participation Units between the date of the Announcement and Completion. As a result, if the price of Ordinary Shares increases or the price of Participation Units decreases prior to Completion, the value of the consideration for the Combination received by NewMed Unitholders may be higher than is justified by the comparative value of the Capricorn and NewMed businesses.

3. If any or all of the Requisitioned Resolutions pass at the Requisitioned General Meeting and the majority of the Capricorn Board is replaced, Completion may be delayed, proceed on different terms or not occur at all and/or Capricorn may be deprived of its senior leadership.

On 21 December 2022, Capricorn received at its registered office a Requisition Notice from Palliser Capital Master Fund Ltd (“**Palliser**”), which holds approximately 6.9 per cent. of Capricorn’s voting share capital. In accordance with section 303 of the Companies Act, Capricorn is required to convene a general meeting of Capricorn Shareholders for the purposes of allowing shareholders to consider and vote on the requisitioned resolutions to: (i) remove Simon Thomson, James Smith, Nicoletta Giadrossi, Peter Kallos, Keith Lough, Luis Araujo and Alison Wood from the Board; and (ii) appoint six new proposed candidates to the Board (together, the “Requisitioned Resolutions”). The Board notes that on 21 December 2022, Palliser announced that it had received signed letters of intent from additional shareholders of Capricorn and that, combined with other signed letters of intent received and other public statements made, shareholders representing 39 per cent. of Capricorn’s voting capital intend to vote in favour of the Requisitioned Resolutions. The letters of intent are stated to be not legally binding. This notwithstanding, the Board unanimously reaffirms its support for each of its directors identified in the Requisition Notice, and it also fundamentally rejects the assertion by Palliser that the proposed resolutions are in the best interests of Capricorn Shareholders. The Board unanimously recommends that Capricorn Shareholders vote against the Requisitioned Resolutions.

The passing of any or all of the Requisitioned Resolutions at the Requisitioned General Meeting would result in a partial or full reconstitution of the Capricorn Board and there can be no guarantee that a newly constituted Capricorn Board would continue unanimously to support the Combination. If the newly constituted Capricorn Board were no longer to support the Combination, this would not, of itself, provide Capricorn with an explicit right to terminate the Business Combination Agreement and, unless and until the Business Combination Agreement is terminated, Capricorn would remain bound by the terms of the Business Combination Agreement. However, in the event of a newly constituted Capricorn Board who no longer supports the Combination being appointed, there is a material risk that such newly appointed Capricorn Board would seek to terminate the Combination and the risk that Completion is delayed beyond the Longstop Date or does not occur at all would be greatly increased. Further, NewMed would be under no obligation to renegotiate the terms of the Combination. If one or more of the Requisitioned Resolutions were to be passed and the newly constituted board of the Company were to be successful in seeking to revise the terms of the Combination, there is a material risk that the shareholder approval sought in this document would no longer be valid and that a new shareholder approval would have to be sought.

If Completion does not occur, the benefits expected to result from the Combination will not be achieved and if Completion is materially delayed or the Combination proceeds but on different terms, the benefits expected to result from the Combination may not be achieved to the same extent as currently envisaged or at all, and in any of the foregoing scenarios, the market price of Ordinary Shares and Participation Units may be adversely affected. In the event of a delay to Completion or a renegotiation or termination of the Combination, Capricorn’s and NewMed’s management will need to allocate further time and expense to the Combination (in addition to the significant time and expense already given) which would otherwise be spent in connection with the other activities of the Capricorn Group or the NewMed Group, as applicable. The aggregate consequences of any of the foregoing eventualities may have a material adverse effect on the business, financial condition or prospects of the Capricorn Group, the prospects of the NewMed Group or (if applicable) the Combined Group.

In addition, the passing of certain of the Requisitioned Resolutions (in particular, the resolutions to remove Simon Thomson and James Smith) may result in Capricorn being deprived of its senior leadership for a period of time and would require transitional and/or replacement management arrangements to be put in place promptly. This and/or a delay to or failure to put in place such transitional/replacement arrangements may have a material adverse effect on the business, financial condition or prospects of the Capricorn Group and/or the market price of Ordinary Shares may be adversely affected.

4. A third party other than Delek Group may be able to obtain a large enough shareholding in either Capricorn or NewMed to delay or prevent Completion.

Capricorn is a listed company whose ordinary shares are freely tradable on the LSE and NewMed's Participation Units are freely tradeable on the TASE. It is possible that one or more existing or new Capricorn Shareholders (or existing or new NewMed Unitholders, in the case of NewMed) may acquire a significant shareholding in Capricorn or NewMed which they could use, or threaten to use, whether individually or acting in concert with others, to vote against the Combination or the Scheme when shareholder approval is sought (see Section A, paragraph 3 of the section of this document entitled "Risk Factors", in relation to actions taken by certain Capricorn Shareholders who do not support the Combination). Any such action by a significant shareholder other than Delek Group could materially delay or prevent the approval of the Combination or implementation of the Scheme and therefore deprive the parties of some or all of the anticipated benefits of the Combination. Delek Group, the principal NewMed Unitholder, has entered into an irrevocable commitment to vote its and its relevant subsidiaries' Participation Units (which amount to 54.18% per cent. of NewMed's total issued Participation Units as at the Latest Practicable Date) in favour of the Combination at the Unitholder General Meeting, subject to certain conditions.

There is no assurance that competitors of the NewMed Group or the Capricorn Group or any other third party will not submit competing bids for (or seek a competing transaction with) the NewMed Group or the Capricorn Group, or acquire a material stake or build an increased stake in either of the NewMed Group or the Capricorn Group in order to frustrate the Combination or affect the market price of the Ordinary Shares. This may prevent Completion from occurring and/or have a material adverse effect on the value of the Ordinary Shares.

5. The Combined Group's success will be dependent, in part, upon its ability to integrate the Capricorn Group and the NewMed Group following the Combination. Failure to deliver the full financial benefits expected from the Combined Group may impact the success of the Combination.

The Capricorn Group and NewMed Group have operated and, until Completion, will continue to operate independently and there can be no assurances that their businesses can be integrated successfully. The success of the Combined Group will depend, in part, on the effectiveness of the integration process and the ability of the Combined Group to realise the anticipated financial benefits from combining the respective businesses.

In particular, some of the principal integration challenges of combining the businesses may include retaining key personnel, harmonising business cultures, procedures, processes, facilities, systems and policies and compensation structures, rationalising third party supplier relationships, retaining key contracts and consolidating and co-ordinating services and operations. If the Combined Group does not properly manage these challenges, they may affect the effective running of the business in the ordinary course and the efficient allocation, including redeployment, of resources in the Combined Group.

The integration process may take longer than expected, or difficulties relating to the integration, of which the Directors and the Proposed Directors are not yet aware, including unforeseen operating difficulties, may arise and pose management, administrative and financial challenges.

While the Directors believe that the financial benefits of the Combination and the costs associated with the Combination have been reasonably estimated, unanticipated events or liabilities may arise or become apparent which result in a delay or reduction in the benefits anticipated to be derived from the Combination, or in costs significantly in excess of those estimated. No assurance can be given that the integration process will deliver all or substantially all of the expected benefits or realise any such benefits within the assumed timeframe, or that the costs to integrate and achieve the financial benefits will not be higher than anticipated.

The above factors and the demands that the integration process may have on management time could also result in diversion of the attention of the Capricorn Group's, the NewMed Group's and, following

Completion, the Combined Group's management and personnel from pursuing other potential business expansion opportunities, including other acquisition opportunities, and may cause a delay in other projects currently contemplated by the Capricorn Group, the NewMed Group and, following Completion, the Combined Group.

To the extent that the Combined Group is unable to integrate efficiently the operations of the Capricorn Group and the NewMed Group, realise anticipated financial benefits, retain key personnel, address and consolidate existing and new corporate and financing structures and avoid unforeseen costs or delays, including unanticipated operational costs arising as a result of the larger corporate structure, there may be a material adverse effect on the business, financial condition, results of operations, cash flows or prospects of the Combined Group.

6. The business activities of the Capricorn Group may be restricted prior to Completion.

Capricorn and NewMed have entered into the Business Combination Agreement pursuant to which Capricorn has agreed to the following provisions in respect of the actions the Capricorn Group may take prior to Completion:

- a general covenant to carry on its business in the ordinary course, in all material respects consistent with past practice and in accordance with the Capricorn Budget and Business Plan; and
- a number of restrictive covenants pursuant to which each member of the Capricorn Group shall not, among other things: (i) acquire any share capital or securities of another person, (ii) acquire any *non-de minimis* and non-ordinary course business, undertaking, interest or asset, (iii) dispose of any business, undertaking, interest or asset, (iv) enter into any material oil or gas sale or supply agreements, (v) create or incur financial debt, or (vi) discontinue or cease to operate all or a material part of its business or make any material change in the nature of its business, in each case save in certain circumstances.

The above restrictions on Capricorn's pre-completion conduct do not apply if any action is, amongst other things, required in order to comply with any legal or regulatory obligation. Prior to Completion, the Capricorn Group may not be able to proceed with certain transactions without breaching the Business Combination Agreement, unless NewMed consents to any such transaction. Capricorn, therefore, may be at a disadvantage or not able to react promptly in a negotiated or competitive situation due to the need to seek NewMed's prior consent. The Capricorn Group and the NewMed Group will continue to operate independently until Completion and there can be no assurance that NewMed will provide its consent to any such transaction. Furthermore, if Completion is delayed, or Completion does not occur, this may result in the Capricorn Group missing out on opportunities that might not be available to it in the future, which may have a material adverse effect on the Capricorn's Group's business, financial condition, results of operations, cash flows or prospects.

7. A third party other than Delek Group may announce an offer or possible offer for some or all of the Ordinary Shares or announce a transaction in respect of NewMed, which may result in Completion being delayed or the Combination not completing.

Capricorn is subject to the Takeover Code. It is possible that one or more third parties, other than Delek Group, whether individually or acting in concert, may announce an offer or a possible offer for some or all of the Ordinary Shares and trigger an offer period under the Takeover Code. Under the Takeover Code, the board of directors of Capricorn must act in the interests of Capricorn Shareholders as a whole and must not deny Capricorn Shareholders the opportunity to decide on the merits of any such offer. During the course of an offer or even before the date of the offer if the Capricorn Board has reason to believe that a *bona fide* offer might be imminent, the Capricorn Board must not, without the approval of the Capricorn Shareholders in a general meeting, take any action which may result in any offer or *bona fide* possible offer being frustrated or in shareholders being denied the opportunity to decide on its merits. Furthermore, in these circumstances the Capricorn Board must obtain competent independent advice as to whether the financial terms of any alternative offers are fair and reasonable and the substance of such advice must be made known to Capricorn Shareholders.

Similarly, it is possible that one or more third parties may propose an alternative transaction to NewMed. The board of directors of the General Partner is subject to fiduciary duties to NewMed under Israeli law, and must act in the interests of NewMed as a whole and would need to consider any alternative transaction proposed by a third party in accordance with its fiduciary duties. Any such action by a third party or third parties could materially delay or prevent the Combination or implementation of the Scheme and therefore deprive the parties of some or all of the anticipated benefits of the Combination.

8. US investors in Capricorn or NewMed should consult their tax advisors regarding the US tax consequences of the Combination and of owning shares in the Combined Company.

US investors in Capricorn or NewMed should note that US tax considerations were not analysed or otherwise taken into account in structuring the Combination and any related transaction. For example, no analysis has been undertaken to determine the US federal income tax consequences to US owners of NewMed Units of the exchange of such units for New Ordinary Shares pursuant to the Combination. In addition, no analysis has been performed to determine whether the Combined Company may be, or become, a passive foreign investment company (a “PFIC”) for US federal income tax purposes for the taxable year of the Combination or any subsequent taxable years. If the Combined Company is a PFIC for any taxable year, US owners of shares in the Combined Company generally will be required to pay increased tax amounts on the disposition of their shares and upon the receipt of certain distributions, and be subject to additional reporting requirements. Neither the Capricorn Group nor the NewMed Group provides any advice, or gives any representation or assurance, regarding the US tax consequences of the transactions contemplated hereby. US investors in Capricorn or NewMed should consult their tax advisors regarding the US federal income tax consequences to them of the Combination (including, in the case of owners of NewMed Units, the exchange of such units for Ordinary Shares of the Combined Company) and of owning shares in the Combined Company (including but not limited to the PFIC rules).

SECTION B: RISKS RELATING TO THE CAPRICORN GROUP, THE NEWMED GROUP AND, FOLLOWING COMPLETION, THE COMBINED GROUP AS A RESULT OF THE COMBINATION

1. Downward pressure on natural gas and oil prices could have a material adverse effect on the Capricorn Group’s, the NewMed Group’s and, following Completion, the Combined Group’s revenues.

The Capricorn Group, the NewMed Group and, following Completion, the Combined Group may face competition and related downward price pressure in selling gas and oil from the Capricorn Assets, the NewMed Assets and, following Completion, the Combined Group Assets from existing domestic gas and oil reserves, additional gas and oil sources and alternative sources of energy such as solar, wind and other renewables. There may also be further discoveries in the future, in Egypt, Israel, MENA and other regions where the Capricorn Group, the NewMed Group and, following Completion, the Combined Group operate and the development of these reservoirs could lead to additional competition in gas and oil supplies to markets where the Capricorn Group, the NewMed Group and, following Completion, the Combined Group operate. In addition, the global energy sector’s shift from fossil-based systems of energy and consumption, including oil and gas, to renewable energy resources, has driven MENA jurisdictions, including those where the Capricorn Group and the NewMed Group do business, to seek to maximise and accelerate revenue from their potential oil and gas resources which could also lead to oversupply and additional downward price pressure.

Prices for gas and oil have historically fluctuated widely for many reasons, including: (i) changes in global and regional supply and demand, and expectations regarding future supply and demand, for gas and oil products; (ii) geopolitical and macro-economic uncertainty, including but not limited to, the occurrence of recessions and inflation, adverse credit markets and fluctuations in exchange rates; (iii) weather conditions and natural disasters and long-term effects of climate change, including global warming and trade wars (such as the trade war between the US and China); (iv) competition from alternative fuels and energy sources, including relative prices and availability and the pace of transition to a low-carbon energy mix; (v) prices, availability and government subsidies of alternative or

renewable energy sources; (vi) increasing government regulations and actions and international treaties and agreements which aim to reduce the environmental impact of gas and oil exploration, development and production activities, including the emission of greenhouse gases that may result in increased expenditure for producers to comply with such regulations, actions, treaties and agreements; (vii) the ability and willingness of the members of OPEC and other oil producing nations, to set and maintain specified levels of production and prices; (viii) political, economic and military developments in oil producing regions generally, and domestic and foreign governmental regulations and actions, including import and export restrictions, taxes, repatriations and nationalisations; (ix) trading and speculative activities by market participants and others either seeking to secure access to gas and oil or to hedge against commercial risks, or as part of investment portfolio activity; and (x) terrorism or the threat of terrorism, war or threat of war, which may affect supply, transportation or demand for hydrocarbons and refined petroleum products. Many of these factors, including the macroeconomic risk factors, are beyond the Capricorn Group's, NewMed Group's and, following Completion, the Combined Group's control. Any of the foregoing risks, if they were to materialise, could adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's revenues and ultimately have a material adverse effect on its business, results of operations, financial condition or prospects.

Demand for natural gas is influenced by, among other things, oil prices, gas prices, availability and prices of, and therefore competition from, alternative fuels and other substitute energy sources in the global or domestic markets as well as availability of government subsidies. For example, low LNG prices in the global market may lead to LNG imports to Israel, Jordan or Egypt or to regional markets and therefore reduce gas demand in the relevant markets for the Combined Group's gas production. Increases in supply, decreases in demand or the reduction of prices of other energy sources in the global or domestic market may have a material adverse effect on the demand for gas and oil supplied by the Capricorn Group, the NewMed Group and, following Completion, the Combined Group and lead to a decrease in the gas prices the Combined Group can charge to its customers subject to any applicable floor prices.

The Leviathan Partners market together the gas produced from the Leviathan Field. However, under the Leviathan JOA, each Leviathan Partner may independently market and contract with third parties for the sale of its share of the Leviathan Field's gas and condensate output, subject to the provisions of the Leviathan JOA, and such separate marketing of the output could increase the competition facing the NewMed Group and, following Completion, the Combined Group. The Karish reservoir, which is owned by Energean, commenced gas supply to the Israeli market in October 2022. The Karish and the Tanin reservoirs are expected to be an additional significant natural gas supplier in the Israeli market. Consequently, existing and future offtakers may purchase a significant amount of gas from third parties and less gas from the NewMed Group and, following Completion, the Combined Group than it currently anticipates (and assumed in the DCF Data). The Combined Group may also face competition from the partners of the Tamar Project, who may attempt to sell gas at lower prices than the Leviathan Partners offer for gas production from the Leviathan Field. For example, on 4 October 2020 prior to NewMed's sale of its interests in the Tamar Project, the Tamar Partners, other than NewMed and Chevron, agreed to supply gas to IEC at prices lower than those agreed between the Leviathan Partners and the IEC at that time. Furthermore, on 23 February 2021, all the Tamar Partners signed an agreement intended to enable each of the Tamar Partners to separately market their proportionate share in the natural gas produced from the Tamar Field, which could further increase competition.

Certain development projects could become unprofitable as a result of a decline in oil and/or gas prices and could result in projects being postponed or cancelled, or if it is not possible to cancel the project, carrying out the project with a negative economic impact. Capricorn and NewMed have previously had to recognise write-offs to the value of their producing and development assets, and there can be no guarantee that the Capricorn Group, the NewMed Group and, following Completion, the Combined Group will not make further such write-offs in the future as a result of declines in short, medium and long-term oil or gas price assumptions. Reductions in forecasted oil or gas prices in the short, medium or long term may change the viability of producing from certain assets, potentially resulting in a reduction in the volumes of reserves which can be produced commercially, which would result in revisions to reported reserves. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group may also elect not to produce from certain assets at lower prices, or not to further invest in certain assets to maintain production, or joint venture partners may not want to continue

production or further invest in certain assets. A reduction in oil or gas prices may lead to producing assets being shut down and entering the decommissioning phase earlier than expected. All of these factors could result in a material decrease in the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's net production revenue, causing a reduction in their exploration and development activities and reserves. This, in turn, could have a material effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, financial condition, results of operations, cash flows and prospects.

Natural gas and oil price formulas contained in Offtake Agreements could have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's revenues and estimated revenues.

Oil and gas from the Capricorn Assets, the NewMed Assets and, following Completion, the Combined Group Assets are sold under various Offtake Agreements. The oil and the gas price formulas are linked to various indices, including the Dated Brent (in the case of Western Desert), the Brent Index (in the case of Israeli industrial users and with respect, *inter alia*, to the NEPCO Export Agreement and the BOE Export Agreement) and the EA Tariff (in the case of Israeli IPPs). The majority of the revenues generated from the Capricorn Group's Egypt Concessions are from its sales of gas and oil in Egypt to EGPC. Under the terms of the Egypt Concessions, 100 per cent. of the gas produced from the assets is sold to EGPC, at prices that vary per concession and can range from fixed prices to prices linked to Dated Brent. The price for any crude oil purchased by EGPC will be based on prevailing arms' length market prices and is payable by EGPC in US dollars or other freely convertible currency to the contractor.

Following Completion, revenues from the Leviathan Interest are expected to be the Combined Group's principal source of revenues. On a pro forma basis, revenues from the sale of gas (net of royalties) from the Leviathan Field would have constituted 93.0 per cent. of the Combined Group's revenues for the year ended 31 December 2021 had the Combination completed on 1 January 2021 and are expected to remain the Combined Group's principal source of revenues at least in the short term. Gas from the Leviathan Project is mostly sold pursuant to long-term Offtake Agreements with pricing linked to the Brent Index or EA Tariff as described above. In Israel, the EA Tariff is set by the EA based primarily on a calculation of IEC's recognised costs for generating electricity, made up mainly of fuel costs and, to a lesser extent, capital costs. The methodological changes made by the EA in recent years, which aim to better reflect actual costs, make it difficult to predict the EA Tariff, and may lead to disputes between gas suppliers and customers with respect to the manner of the calculation of the EA Tariff.

A decrease in the Brent Index prices or a decrease in the EA Tariff or a rise in the ILS:USD exchange rate (i.e. depreciation of the Israeli new shekel against the US dollar) may adversely affect the Combined Group's income from the existing Capricorn Assets and NewMed Assets, and the Combined Group Assets. Any of the foregoing risks, if they were to materialise, could adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's revenues and ultimately have a material adverse effect on its business, results of operations, financial condition, cash flows or prospects.

- 2. Reduced demand from buyers under the Egypt Concessions and/or the Leviathan Offtake Agreements could lead to a reduction in revenues to take-or-pay levels, and there is no guarantee take-or-pay provisions will be included in future Offtake Agreements, either of which could have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's revenues.**

Reductions in the purchases of buyers under the Egypt Concessions and Leviathan Offtake Agreements and, following Completion, the Combined Group Assets, to the take-or-pay levels under the Offtake Agreements could have a material adverse effect on the Combined Group's revenues. Each of the major Leviathan Offtake Agreements (including those with Israeli industrial users, IPPs, the NEPCO and BOE Export Agreements) includes floor price provisions (that is, the pricing formulas include a minimum unit sale price, designed to limit exposure to adverse commodity price movements and provide an upside for any appreciation in the EA Tariff or Brent Index) or a fixed price.

In addition, a majority of the Leviathan Offtake Agreements include take-or-pay provisions which provide for a minimum level of sales and in 2021 and 2022 (9 months), actual sales levels under the major Leviathan Offtake Agreements exceeded these take-or-pay levels. While the majority of the existing Leviathan Offtake Agreements include take-or-pay and floor price provisions that impose minimum annual sales volumes and prices, due to limited Israeli domestic demand and the demand and supply dynamics in its primary export markets, the Combined Group could face significant competition in selling gas from the Leviathan Field to the Israeli domestic market and its primary export markets in excess of the take-or-pay volumes and at prices in excess of the floor prices currently provided for in the relevant Leviathan Offtake Agreements. The price of gas varies across the EGPC Offtake Agreements but is capped at a ceiling between US\$2.50 to US\$2.65 (dependent on concession) if the Brent price is equal to or exceeds approximately US\$20.

Furthermore, there is no assurance that the Combined Group will be able to include take-or-pay or floor price protections in future Offtake Agreements or in relation to additional volumes to be supplied under the Leviathan Offtake Agreements and, following Completion, the Combined Group Assets. Any fundamental changes in the demand, supply and price dynamics in the Capricorn Group's, the NewMed Group's and, following Completion the Combined Group's relevant markets for its production could make it more difficult to renew existing Offtake Agreements or agree to new offtake arrangements, in each case on terms as favourable as those the Combined Group currently enjoys.

3. Many key facilities used to produce or transport gas from the Combined Group Assets are subject to security risks.

The facilities of the Leviathan Project, the INGL Grid, the Jordanian Pipeline Grid, the EMG Pipeline and the Egyptian Receiving System, which are used to produce and transport current gas and oil production from the Combined Group Assets, are (and similar facilities that are used to produce and transport future gas and oil production at other sites will be) exposed to security risks, including war and acts of terrorism and sabotage. These security risks could adversely impact the Capricorn Group, the NewMed Group and, following Completion, the Combined Group if, among other things:

- its gas production or transmission facilities, receiving terminals or other operating assets are damaged or destroyed, leading to interruption of gas deliveries, termination of the Leviathan Offtake Agreements or reduction of payments from customers, including through claims of force majeure;
- attracting and retaining qualified personnel becomes more difficult;
- the ability or appetite of service or equipment providers to provide their services or goods required for Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's operations becomes limited; or
- the accessibility of facilities of the Capricorn Group, the NewMed Group and, following Completion, the Combined Group to its facility operators and personnel.

The transmission of gas and oil in the future from the Combined Group Assets will be similarly dependent on the development and operation of the required distribution infrastructure, over which the Combined Group is unlikely to have control.

In addition, some of the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's operations are subject to coordination and scheduling with the relevant security forces. Dependence on these security forces could disrupt plans regarding the Combined Group's operations, both in terms of the implementation of planned activities and the schedule and costs of such operations. Any security risks or significant malfunction of, or disruption to, any of these systems or any delay in the transmission system development programme may limit the ability of the Combined Group to supply gas and oil to its customers, exposing it to potential loss of revenues and legal proceedings. The materialisation of any of these risks could adversely affect the Combined Group's revenues and ultimately have a material adverse effect on its business, results of operations, financial condition or prospects.

4. The Capricorn Group, the NewMed Group, and, following Completion, the Combined Group are exposed to counterparty risk in respect of the Leviathan Interest, the Egypt Concessions, the NEPCO Export Agreement and the BOE Export Agreement.

The Capricorn Group and, following Completion, the Combined Group are dependent on EGPC for a portion of its revenues, profits and free cash flows, and receivables due from the Egypt Concessions are paid irregularly and may be subject to significant delay. The majority of the revenues generated from the Egypt Concessions are from sales of gas and oil in Egypt to EGPC under the terms of relevant concessions and their relevant gas sales agreements. Certain of Capricorn's gas sales agreements in Egypt are re-negotiated from time to time and there can be no guarantee that these agreements will be renewed on terms commercially acceptable to the Capricorn Group and, following Completion, the Combined Group or at all.

Under the terms of the Egypt Concessions, 100 per cent. of the gas produced from the assets is sold to EGPC, at prices that vary per concession and can range from fixed prices to prices linked to Dated Brent. EGPC has a preferential right to purchase part of the contractors' share of crude oil and condensate production from the concession areas, to satisfy domestic market requirements. EGPC can exercise this priority right by written notice to the contractor 45 days prior to the beginning of a calendar semester. The price for any crude oil purchased by EGPC will be on based on prevailing arms' length market prices and is payable by EGPC in US dollars or any other freely convertible currency to the contractor.

Historically, EGPC has remitted payments due to the Capricorn Group and, prior to its acquisition of the Egypt Concessions, Shell, several months in arrears, resulting in significant fluctuations in the outstanding receivables due from EGPC. As at 30 June 2022, the total amount of receivables due to the Capricorn Group from EGPC was US\$114 million (net) of which US\$61 million was in arrears. EGPC's payments to the Capricorn Group, and following Completion, the Combined Group may continue to be received on an irregular and unpredictable basis that is outside the Capricorn Group's, and following Completion, the Combined Group's ability to predict or control. Any remittance which serves to reduce the balance of receivables from EGPC will be partly or wholly offset by new receivable obligations incurred by EGPC due to new production by the consortium in Egypt.

Receipt of cash payments from EGPC may be subject to continued or increased delay in the future as a result of various factors, including the prevailing political and economic climate in Egypt, the availability of US dollars in Egypt, and trends in international oil prices. There can be no assurance that EGPC will, following Completion, meet existing or future payment obligations to the Combined Group or that the political or economic situation in Egypt will not deteriorate. The Combined Group may therefore be unable to collect some or all of its outstanding receivables, or may accrue increased amounts of outstanding receivables, either of which would have a material adverse effect on the Combined Group's business, financial condition, results of operations, cash flows or prospects.

The NewMed Group sells a significant portion of its gas production from the Leviathan Interest pursuant to the NEPCO Export Agreement and BOE Export Agreement. On a pro forma basis, revenues from the sale of gas (net of royalties) to NEPCO and BOE from the Leviathan Field would have constituted 59.3 per cent. of the Combined Group's revenues for the year ended 31 December 2021 had the Combination completed on 1 January 2021. NEPCO is the national electricity company of the Hashemite Kingdom of Jordan and is wholly owned by the Jordanian government. BOE is a Cayman Islands company established for the purpose of importing gas from Israel for sale to the Egyptian market. NEPCO's and BOE's payments pursuant to the NEPCO Export Agreement and the BOE Export Agreement, respectively, are significant sources of revenues for the NewMed Group. Any material changes in NEPCO's or BOE's activities or reduction in gas purchases from the Combined Group and any material failure by NEPCO or BOE to fulfil their obligations under the NEPCO Export Agreement and BOE Export Agreement, respectively, or any termination thereof could adversely affect the Combined Group's revenues from the Leviathan Interest and ultimately have a material adverse effect on its business, results of operations, financial condition or prospects.

The Combined Group's reliance on the Egypt Concessions, NEPCO Export Agreement and the BOE Export Agreement will expose it to certain risks that arise from, among other things, general economic and political conditions in Israel, Egypt and Jordan, the Egyptian government's control of EGPC and

the Jordanian government's control of NEPCO and financial condition of BOE. Fluctuations in prices of other energy sources relative to the price of oil and natural gas could lead NEPCO or BOE's customers to generate electricity or energy using gas substitutes instead of natural gas, subject to their take-or-pay obligations. The Combined Group is not able to predict whether governmental policies in Israel, Jordan or Egypt or other regulations will change in the future and what effect any such changes may have on EGPC, NEPCO and BOE, their financial performance or on the oil and natural gas markets in Israel, Jordan and Egypt, and in turn the effect, if any, this may have on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's revenues from the Egypt Concessions, NEPCO Export Agreement and BOE Export Agreement, or on the ability of EGPC, NEPCO and BOE to fulfil their obligations under the Egypt Concessions, NEPCO Export Agreement or the BOE Export Agreement, respectively.

5. Levels of contingent payment rights based on: (i) variable oil production from the Catcher/Kraken Interests and (ii) timing of first oil on the Sangomar project may be lower than estimated or expected.

The information about the Capricorn Group's, and following Completion, the Combined Group's contingent payment rights based on variable oil production from the North Sea Catcher and Kraken fields set forth in this document and in the reports referred to herein, represent estimates only and such estimates are forward looking statements which are based on judgments regarding future events that may be inaccurate. In general, estimates of economically recoverable oil reserves are based on a number of factors and assumptions made as at the date on which the reserves estimates were determined, such as geological and engineering estimates (which have inherent uncertainties), historical production from the assets, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results.

Capricorn has contingent payment rights with respect to the Catcher and Kraken assets which it used to hold in the North Sea. Such payment is equal to the amount by which average Brent price for that year exceeds US\$52/bbl multiplied by the number of barrels of production in that year in relation to the sale interests multiplied by a percentage rate set for each year. Capricorn has limited information rights in respect of the assets and no control over day-to-day operational activity. There will be no contingent consideration payable in a given year if either (i) average Brent price is equal to or less than US\$52/bbl or (ii) the minimum production thresholds are not met. Production could be impacted by facilities uptime on the relevant fields or poorer than expected sub-surface reservoir performance. At 30 December 2022, the fair value of 2022-2025 earn-out consideration was valued at US\$205 million. This is a reduction from the US\$240.9 million as at 30 June 2022 presented in the Capricorn Group H1 2022 Restated Financial Statements, as a result of the impact of lower oil prices since the valuation in the Capricorn Group Restated H1 2022 Financial Statements. Approximately US\$120 million of the fair value of the earn-out consideration is expected to be payable at the end of March 2023.

Capricorn also has the right to receive contingent payment of up to US\$100 million from Woodside Energy (Senegal) B.V. dependent on the timing of first oil on the Sangomar Project Offshore Senegal and the prevailing Brent oil price during the 180 days following first oil. Capricorn has limited information rights with respect to the project and no control over the schedule. Offshore projects in the hydrocarbon industry can be subject to schedule delays particularly during the construction phase. There will be no contingent consideration payable if: (i) the average Brent oil price is lower than or equal to US\$55 in the 180 days following first oil or (ii) first oil occurs after 30 June 2024. Woodside has recently revised its start-up guidance for first production to "late 2023", which increases the risk that the contingent receivable is reduced from US\$100 million to US\$50 million or less. The contingent receivable currently has a risked value of US\$57 million, which is a decrease from US\$73 million at H1 2022, due to an increased risk of delay. Capricorn is also exposed to the credit risk of the counterparties under both agreements.

If the assumptions upon which the estimates of the Capricorn Group's and, following Completion, the Combined Group's oil contingent payments have been based prove to be incorrect or if the actual contingent payments available are otherwise less than the current estimates or of lesser quality than expected, the Capricorn Group and, following Completion, the Combined Group may be unable to recover the estimated value of the contingent payment and this may materially and adversely affect the

Capricorn Group's and, following Completion, the Combined Group's business, financial condition, results of operations, cash flows or prospects. Accordingly, the contingent payments information set out and referred to in this document reflect a current view that may subsequently change as more data become available, and may not be comparable to similar information reported by other companies.

6. The Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's and its operators' operations are subject to regulations and other requirements which may negatively impact operations and financial condition.

In some jurisdictions the less developed status of the legal systems may result in higher risks and uncertainties and complying with regulatory requirements can be onerous and expensive. The laws in certain jurisdictions in which the Combined Group will operate may also be subject to differing interpretations or subject to legislative change and changes in administrative interpretation which may be implemented with retrospective effect and could also result in transactions (which could include the Combination) being challenged. New legislation or regulatory initiatives relating to limiting greenhouse gas emissions could have a material adverse effect by diminishing demand for gas and oil, increasing the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's cost structure or causing disruption to its operations by regulators.

In Egypt, where the Capricorn Group's primary source of revenues are located, all natural resources are owned by the state. The Egyptian Ministry of Petroleum and Mineral Resources ("MPMR") is the government authority with overall responsibility for the development and regulation of the gas and oil industry and acts mainly through EGPC and EGAS when awarding gas and oil exploration and exploitation rights through concession agreements. The views of each of the parties involved in the regimes to which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group are subject may differ. This may result in a higher administrative burden on the Capricorn Group, the NewMed Group and, following Completion, the Combined Group and impact their ability to comply with their obligations under licences or relevant legislation efficiently and on time. There can be no assurance that the views of government agencies regarding the development of fields or compliance with terms of licences, permits, agreements or relevant legislation, will coincide with the Capricorn Group, the NewMed Group and, following Completion, the Combined Group's views, which might lead to disagreements that may not be resolved and any such disagreement, if not resolved in a commercially acceptable way or at all, could have a material adverse effect on the Combined Group's business, financial condition, results of operations, cash flows or prospects.

On 13 November 2012, NewMed was declared a monopoly, together with its other partners in the Tamar Project and, separately in the supply of natural gas in Israel commencing upon the date of the beginning of commercial supply from the Tamar Project. Since NewMed is currently engaged in the joint marketing of the gas produced in the Leviathan Project together with Chevron (which was declared a monopoly), NewMed may be considered a monopoly in connection with the natural gas supply in Israel, although it completed the sale of its remaining rights in the Tamar and Dalit Leases in December 2021.

A monopoly is subject to Chapter D of the Economic Competition Law, including a prohibition to unreasonably refuse to supply the asset or service in the monopoly and a prohibition on abuse of its position in the market in a manner that might reduce competition in business or harm the public.

Israeli regulations restrict the amount of gas that may be exported, and in the case of the Leviathan Field, to approximately 50 per cent. of the best estimated total reserves and resources (2P + 2C). In the case of the Aphrodite Field, if and when production commences, Cypriot regulations may restrict, or place conditions upon, the amount of gas that may be exported or the terms of sale. The electricity sector in Israel and IEC's and Israeli IPPs' respective businesses are subject to extensive regulation. Such regulation relates to, among other matters, licensing, competition, rates and environmental practices. In recent years, the Government of Israel has pursued a policy to introduce competition in the electricity sector and to increase the production of electricity from renewable energy sources. In 2021, 69 per cent. of Israeli electricity production was generated by gas-fired units (and 40 per cent. of the electricity production was generated by independent power producers) and 8 per cent. was generated from renewable energy sources as a result of these, and other, initiatives (*Source: EA annual report 2021*). The Capricorn Group, the NewMed Group and, following Completion, the Combined Group is not able to predict what effect any such changes may have on IEC or Israeli IPPs,

their financial performance or on the natural gas market in Israel and in turn the effect, if any, this may have on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's from the Leviathan Interest or the Israeli IPPs to fulfil their obligations under the respective Offtake Agreements.

In recent years, there have also been several proposed amendments to other Israeli laws, regulations and policies relevant to the NewMed Group and, following Completion, the Combined Group and several decisions, laws and directives were published which are relevant to the NewMed Group's and, following Completion, the Combined Group's operations, the implementation of which could have a material adverse effect on the Combined Group's business. Changes in Israeli regulation with respect to the exploration, development, production and abandonment of gas and oil assets, the terms of natural gas supply, natural gas export, taxation of petroleum and gas profits, rules for the allocation, transfer and pledge of petroleum rights, antitrust rules, controls on gas prices, planning regulation and so forth could adversely affect the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects.

In addition, the development of the Aphrodite Field or other development opportunities would likely be subject to similar regulations and require various permits from the Cypriot authorities. In particular, as the Aphrodite Field would be the first offshore gas field developed in Cyprus and its EEZ, it is likely that there will be uncertainty regarding the procedures and requirements necessary to comply with applicable Cypriot regulations and for obtaining any necessary permits and approvals from the Cypriot authorities. Laws, regulations and policies relating to development project jurisdictions may be amended from time to time to impose additional requirements for regulatory or other approvals. Consequently, there can be no assurance that Combined Group, its customers or other relevant parties will be able to obtain all required permits or approvals or any that may be required in the future in relation to the Aphrodite Field or other development opportunities.

No assurance can be provided that existing Egyptian, Israeli or Cypriot laws, regulations relating to development project jurisdictions and policies will not be revised or reinterpreted, that new laws and regulations will not be adopted or become applicable to the Capricorn Group, the NewMed Group and, following Completion, the Combined Group or the parties on whom it relies and no assurance can be provided that future changes in laws, regulations or policies will not have a detrimental effect on its or their businesses. Although not currently required, additional regulatory approvals may be required in the future due to a change in laws and regulations or for other reasons. No assurance can be provided that the Capricorn Group, the NewMed Group and, following Completion, the Combined Group, its customers or other relevant parties will be able to obtain all regulatory approvals that may be required in the future for the Combined Group's assets, or any necessary modifications to existing regulatory approvals, or maintain them. Any failure by the Capricorn Group, the NewMed Group and, following Completion, the Combined Group or the parties on whom it relies to obtain the regulatory approvals required for the Combined Group's assets could adversely affect the Combined Group's business, results of operations, financial condition or prospects or other development opportunities.

Any of the above or other factors could result in delay to the gas and oil exploration, appraisal and development programmes of the Capricorn Group, the NewMed Group and, following Completion, the Combined Group in the affected country or region and could restrict the ability of the Combined Group to achieve its respective strategy with regard to the nature and timing of its exploration, appraisal, development and other activities. Such risks could also result in disruption to the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's production and development activities. Accordingly, any of the above factors could have a material adverse effect on the Combined Group's business, financial condition, results of operations, cash flows or prospects.

7. Global macroeconomic factors could adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects.

The Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's ability to sell the gas and oil it produces by entering into new Offtake Agreements and the price received under its Offtake Agreements, as well as any decision to expand or develop the Combined Group Assets, including any decision to expand the Leviathan Project, any Egypt Concession, or any future construction of production facilities at Aphrodite or other assets is dependent, *inter alia*, on various

global macroeconomic factors and significant events in the world's major economies, such as the United States, China and the European Union (the "EU"). Global macroeconomic factors and events of this kind are mostly unforeseeable and may have material adverse effects on the global economy, increase market uncertainty, impair the confidence of investors, the business community and consumers, and result in a decline in the global consumption of energy products, including gas and oil. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group is not able to anticipate these types of factors and events, and it is difficult to assess and estimate how factors and events of this kind may evolve.

Such factors include the recent Russia-Ukraine conflict, changes in the growth rate or a global economic slowdown, global recession, the current elevated inflation in markets (including Egypt, Israel and Jordan), irregular volatility in exchange rates, rapid rises in central bank interest rates, irregular functioning of the global manufacturing and supply chains in general (and in the segments of engineering, manufacturing and the supply of components for the gas and oil industry in particular), terrorism, the impact of climate change, including extreme weather events and the impact of international trade disputes, such as the ongoing international trade dispute between the United States and China, political, economic and military developments in oil producing regions generally, and domestic and foreign governmental regulations and actions, including an increase in government regulation, import and export restrictions, taxes, repatriations and nationalisations and trading and speculative activities by markets, participants and others either seeking to secure access to gas and oil or to hedge against commercial risks, or as part of investment portfolio activity.

In particular, on 24 February 2022, Russia invaded Ukraine and, as a result, the United States, the United Kingdom and the member states of the EU imposed a series of economic measures against Russia, which included sanctions on trade with Russia and with key Russian figures, a decision to cancel the Nord Stream 2 project intended to double the volume of gas exported from Russia to Germany, the halt of some of the collaborations with Russian entities by international companies, including significant companies in the fields of natural gas and oil production. Concern about a long-term shortage of natural gas and oil has arisen, leading to a further rise in energy prices. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group cannot estimate the long-term effects of the Russia-Ukraine war on the energy markets in general and on their operations.

Increased volatility in the financial markets and higher interest rates raise the counterparty credit risk and also make the cost of capital more expensive for companies, including the Capricorn Group, the NewMed Group and, following Completion, the Combined Group. Lenders in high interest rate environments may increase interest rates, enact tighter lending standards, refuse to refinance existing debt at all or on terms similar to current debt and reduce or cease to provide funding to borrowers and other market participants, including equity and debt investors. Some lenders may be unwilling to provide funding on attractive terms or even at all. Due to these factors, the Capricorn Group, the NewMed Group and, following Completion, the Combined Group cannot be certain that financing will be available if needed and to the extent required, or that they will be able to refinance their existing and future debt, on acceptable terms or at all. If financing or refinancing is not available when needed, or is available only on unfavourable terms, the Capricorn Group, the NewMed Group and, following Completion, the Combined Group may be unable to meet their obligations as they come due, or they may be unable to enhance their existing business or otherwise take advantage of business opportunities as they arise.

Any of the above factors or events could lead to a slowdown in economic activity or adversely affect political and social processes in the markets to which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group sells. Each of these risks may reduce the demand or price for gas supplied by the Capricorn Group, the NewMed Group and, following Completion, the Combined Group or have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's revenues from its existing Offtake Agreements and future Offtake Agreements.

8. The NewMed Group and, following Completion, the Combined Group may face difficulties exporting or selling gas or oil from jurisdictions in which it operates, including in relation to output from the Leviathan Field and the Aphrodite Field.

In the year ended 31 December 2021, approximately 63.8 per cent. of the gas revenues from the Leviathan Field was generated from gas exported from Israel. The Combined Group expects to continue to export significant quantities of gas from the Leviathan Field in the future.

The NewMed Group's and following Completion, the Combined Group's ability to export or sell gas (as applicable) from the Leviathan Field and Aphrodite Field (if developed) depend on several factors, many of which are beyond the Combined Group's control, such as Israeli and Cypriot regulations, limitations on gas exports, relations with export countries (including Jordan and Egypt), and potential future export countries, the presence or timely construction (to the extent they do not already exist) of adequate export and transmission systems and receipt of all required regulatory approvals, the economic viability of constructing such systems and of commencing such exports, the identification of potential customers in the international market, the availability of resources to finance relevant required investments, local rules and regulations in current and future export countries and competition with local and international gas suppliers. Any of these factors could limit or entirely restrict the Combined Group's ability to export gas from the Combined Group Assets, which could adversely affect the Combined Group's revenues from the Leviathan Field and the Aphrodite Field and ultimately have a material adverse effect on the Combined Group's business, results of operations, financial condition or prospects.

9. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group are subject to the risk of rising costs of finance, the risk of restrictive debt covenants and security arrangements that may limit their ability to finance future operations and capital needs and to pursue business opportunities and activities. A breach of financial covenants may trigger an event of default, which could allow the lenders to, among other things, seize the Combined Group's assets.

The Combined Group has, and will continue to have, outstanding debt and debt service obligations. As at 30 September 2022, on a pro forma basis, the Combined Group had US\$2.4 billion in gross debt, which includes US\$2.20 billion in respect of the Leviathan Bonds, US\$138 million in respect of the Capricorn Acquisition Senior RBL Facility and US\$40 million in respect of the Junior Debt Facility. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group may be subject to different and additional covenants or security arrangements from time to time. The covenants to which the Combined Group will be subject could limit its ability to finance discretionary business expansion and capital investment in the longer term, which in turn could have a material adverse effect on the Combined Group's business, results of operations and financial condition.

To the extent the Combined Group borrows or raises additional debt, the Combined Group is expected to be subject to increased interest expense. Interest rates and cost of capital have recently increased substantially and rapidly, and may continue to do so, as central banks in major jurisdictions, such as the Federal Reserve in the US, increase interest rates to reduce inflation, which has increased rapidly and is at elevated levels. In addition, future debt financings may limit the Combined Group's ability to withstand financial pressures, as the Combined Group may become illiquid or less liquid as a result of higher interest payments or restrictions on cash movement. This could hinder the Combined Group's ability to raise, renew and service its future indebtedness, reduce the funding options available to the Combined Group and render it more vulnerable to economic downturns. In addition, if the Combined Group requires debt but is unable to secure sufficient borrowings, it is highly likely that, other than in respect of its current committed capital expenditure, this would pose challenges to the Combined Group's planned development and timeline for development. As the Combined Group's expected main assets, being its working interests in the Leviathan Interest and Egypt Concessions, have already been secured in favour of creditors, the cost of incurring additional debt in the future and on which terms it is made available may be adversely impacted.

On 24 June 2021, Capricorn Egypt Limited entered into a US\$325.0 million Capricorn Acquisition Senior RBL Facility and an US\$80.0 million Junior Debt Facility jointly with a subsidiary of the joint operation partner in Egypt, Cheiron Oil & Gas Limited, to finance the acquisition of the Egyptian Western Desert Portfolio. The facility commitments are split 50/50 with Cheiron Oil & Gas Limited. An accordion feature on the Capricorn Acquisition Senior RBL Facility permits additional future

commitments of up to US\$200 million subject to the amortisation of investor commitments. The maximum drawdown available to Capricorn at 31 December 2021 was US\$141.4 million for the Capricorn Acquisition Senior RBL Facility and US\$40.0 million for the Junior Debt Facility. As at 30 November 2022, the amount outstanding under the Capricorn Acquisition Senior RBL Facility and the Junior Debt Facility in relation to Capricorn Egypt Limited was US\$120 million and US\$40 million respectively, and the interest outstanding amounted to approximately US\$972,000 and approximately US\$780,000 respectively (the facilities each having been rolled over on the previous day). Interest on debt drawn is charged at the appropriate London interbank offered rate (“LIBOR”) (or the applicable reference bank rate for US\$ after the discontinuation of LIBOR) for the currency drawn plus an applicable margin for both facilities. The facilities remain subject to biannual redeterminations, contain certain covenants and are cross-guaranteed by Capricorn Egypt and Cheiron Oil & Gas Limited, including as to obligations owed by the other borrowers. The obligations under these facilities are joint and several as between Capricorn Egypt and Cheiron Oil & Gas Limited. The parties have agreed in the JMA to indemnify each other in respect of any liability borne by a party in excess of their 50 per cent. obligation under the Capricorn Acquisition Senior RBL Facility or the Junior Debt Facility. Any debt drawn is repayable in line with the amortisation of bank commitments over the period from September 2022 to the extended final maturity date of September 2026 (in the case of the Capricorn Acquisition Senior RBL Facility) or September 2028 (in the case of the Junior Debt Facility). Given the nature of concession agreements, lenders have been granted share pledges over the shares of Capricorn Egypt and security over the bank accounts in which the proceeds of the concession are deposited. Furthermore, Capricorn is the guarantor of the payment obligations of Capricorn North Sea Limited and Waldorf under a bareboat charter dated 20 December 2013 in respect of a floating, production, storage and offloading vessel operated in respect of the producing Kraken oil field in the North Sea. Capricorn’s maximum liability reduces over time, as follows: (a) in respect of the period ended 19 July 2023, US\$147.5 million; (b) in respect of the period ended 19 June 2024, US\$97.3 million; and (c) in respect of the period ended 1 April 2025, US\$64.8 million. However, Capricorn is the beneficiary of a counter-indemnity from Waldorf Energy Partners Limited, which covers any claims made or liabilities incurred by Capricorn (among other things).

Leviathan Bond Ltd. is required to make payments on the Leviathan Bonds. Its ability to make payments on the Leviathan Bonds is entirely dependent on NewMed’s repayment of the Sponsor Loans under the Sponsor Loan Agreement which, in turn, depends on the operating and financial performance of the NewMed Group’s share in the Leviathan Project. The indenture governing the Leviathan Bonds contains covenants, event of default clauses, cross-default provisions, restrictive covenants and performance requirements, which could affect the Combined Group’s operational and financial flexibility. Such restrictions could affect, and in many respects limit or prohibit, among other things, the Combined Group’s ability to pay dividends, incur additional indebtedness, create liens, sell assets, or engage in mergers or acquisitions. For example, Leviathan Bond Ltd. may not incur any indebtedness except for (i) the Leviathan Bonds and (ii) indebtedness having the same ranking as the Leviathan Bonds that is secured by the same collateral securing the Leviathan Bonds on an equal and rateable basis with the Leviathan Bonds that at the time of incurrence meets certain conditions provided for in the Leviathan Bonds Indenture, including that in no event shall the aggregate amount of such indebtedness outstanding, including the Leviathan Bonds, exceed US\$2.5 billion and that the weighted average life to maturity of additional pari indebtedness is not earlier than the remaining weighted average life to maturity of the outstanding Leviathan Bonds and provided that the maturity date of such additional pari indebtedness is no later than the reserve tail date. Additionally, certain events of default in the Leviathan Bonds Indenture would allow holders of the Leviathan Bonds to direct the collateral agent to enforce the collateral securing the Leviathan Bonds, including, among other assets, the Combined Group’s 45.34 per cent. working interest in the Leviathan Leases. Were this to occur, the Combined Group would lose ownership of its principal asset, which would have a material adverse effect on the Combined Group’s business, results of operations and financial condition.

Subject to the Overriding Royalties and the rights of the parties under the Leviathan JOA, the Combined Group’s interests in, among others, the Offtake Agreements, the Platform Operating Permit and the Export Permits, along with the Leviathan JOA and all rights of the NewMed Group under the assets, certain bank accounts and insurance policies relating to the Leviathan Project, are fully pledged to the Leviathan Bond Trustee in addition to the working interest in the Leviathan Leases. This pledge may become subject to enforcement proceedings, if the Combined Group is unable to make payments of principal, interest and other amounts due under the Leviathan Bonds, and may limit the Combined Group’s ability in the future to obtain financing or increase the cost of such financing.

Under the terms of the Leviathan Bonds Indenture and related documentation, certain members of the NewMed Group must comply with a number of covenants, including certain limitations as to the incurrence of indebtedness, the creation of liens, the making of investments, the entering into transactions with affiliates and the conduct of business. The breach of any of these covenants could constitute an event of default under the Leviathan Bonds Indenture, in which case all amounts owed thereunder may become due and payable upon demand by the Leviathan Bond Trustee. The terms of the Leviathan Bonds Indenture also include mandatory redemption and repurchase provisions relating to certain events constituting a sale of all or substantially all of the Combined Group's working interest in the Leviathan Field.

Should the Capricorn Group, the NewMed Group and, following Completion, the Combined Group be unable to finance its operations through additional borrowings in the future, it may choose to pursue financing through the issuance of additional Shares and existing holders of Shares at that time may suffer dilution in their percentage ownership or the market price of the Shares may be adversely affected.

- 10. The Capricorn Group and, following Completion, the Combined Group are guarantors of joint and several obligations under the Capricorn Acquisition Senior RBL Facility and Junior Debt Facility. If Cheiron Oil & Gas Limited fails to perform its obligations under the Capricorn Acquisition Senior RBL Facility and Junior Debt Facility the Capricorn Group and, following Completion, the Combined Group could incur additional liabilities.**

Under the terms of the Capricorn Acquisition Senior RBL Facility and Junior Debt Facility, Capricorn Egypt and Cheiron Oil & Gas Limited, as borrowers, irrevocably and unconditionally, jointly and severally guarantee to each lender the punctual performance by each of the borrowers each of their obligations under the Capricorn Acquisition Senior RBL Facility and Junior Debt Facility. This includes an undertaking to pay each lender whenever another obligor does not pay any amount due in connection with the Capricorn Acquisition Senior RBL Facility or Junior Debt Facility immediately on demand, as if it was the principal obligor. As a result, the Capricorn Group and following Completion, the Combined Group, have provided a guarantee in respect of the obligations owed to the lenders by Capricorn Egypt and the joint venture counterparty, Cheiron. There is no guarantee that Cheiron Oil & Gas Limited will continue to fulfil its obligations under the Capricorn Acquisition Senior RBL Facility and Junior Debt Facility. Any failure by Cheiron Oil & Gas Limited to perform its obligations under the Capricorn Acquisition Senior RBL Facility and Junior Debt Facility could result in additional liabilities being incurred by the Capricorn Group and following Completion, the Combined Group or could adversely affect the Combined Group's business, results of operations, financial condition or prospects.

- 11. Future expansion and development of the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business could require the Combined Group and its partners in its Combined Group Assets to invest additional capital, which they may be unable to raise on acceptable terms or at all.**

The exploration, development and commercial production of gas and oil require significant amounts of time and capital investment. There is no certainty that, in the case of a commercial discovery, the development of the field will be economically viable or financeable. The associated expenditures, especially in the case of offshore gas opportunities, can be very significant. Gas and oil development and production projects are complex and risky activities, particularly deep-water projects, which require the construction and installation of expensive high-end infrastructure. In the future, the Capricorn Group, the NewMed Group and, following Completion, the Combined Group and its partners in its Combined Group Assets may decide to expand or improve their projects in order to increase production to meet growing demand. There can be no assurance that these or other planned expansions or improvements will be successful. In particular, if pursued by the Leviathan Partners, the expansion of Leviathan to Phase 1B would be a very significant undertaking and may not deliver the benefits anticipated, including as a result of certain of the risks set out in this section.

In the event a decision is made to undertake any of these activities, the Capricorn Group, the NewMed Group and, following Completion, the Combined Group may be required to raise additional capital or financing, including through future private or public debt offerings or otherwise. Interest rates and cost of capital have recently increased substantially and rapidly, and are expected to continue to do so, as central banks in major jurisdictions, such as the Federal Reserve in the United States, increase interest rates to reduce inflation, which has increased rapidly and is at elevated levels.

Future capital requirements will depend on many factors, including: the scope, rate of progress and cost of operating and developing the Combined Group Assets; the amount of revenues from the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's assets that can be used to pay the cost of these activities; the terms and timing of any drilling and other production-related arrangements that the Combined Group and its partners in the Combined Group Assets may enter into; the cost and timing of governmental approvals; and the effects of competition.

Furthermore, if the other partners in the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's gas assets are unable to make their contributions for any capital expenditures related to future expansion and further development to which they have committed, the expenditures of the remaining partners, including the Combined Group, would increase proportionately, and if the Capricorn Group, the NewMed Group and, following Completion, the Combined Group or any of the other partners are not able to satisfy any future capital requirements, they may be in breach of their undertakings under the relevant JOA. The Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's inability to obtain sufficient financing for any such future expansion and development activities on commercially favourable terms, or at all, could adversely affect the Combined Group's business, results of operations, financial condition or prospects.

12. The costs and timelines for the Combined Group's exploration, drilling, development, production, maintenance, expansion and decommissioning plans are estimates. Actual costs and timelines could vary materially from these estimates.

The estimated costs of exploration, drilling, development, production, maintenance and expansion activities and the estimated timelines for such activities are estimates based on similar activities made in the past and may be subject to considerable variations, including due to events outside of the Combined Group's control. For instance, findings obtained in the course of such activities or malfunctions experienced during exploration, drilling, development, production, maintenance or decommissioning expansion operations may result in significant extensions to timelines or the incurrence of materially higher costs and expenses than initially estimated. Activities related to the exploration, development, expansion and decommissioning of the NewMed Group Assets will entail substantial financial expenses. If actual costs for such activities are significantly higher than the estimates, or the actual timelines for such activities are significantly prolonged, it could adversely affect the Combined Group's business, results of operations, financial condition or prospects.

13. Force majeure events under the Combined Group's Offtake Agreements may have a material adverse effect on the Combined Group's future revenues and may prevent the Combined Group from fulfilling its obligations under the Offtake Agreements.

A force majeure event is generally defined as an event which is beyond a customer's control, that prevents a customer from fulfilling its obligations under the relevant Offtake Agreement and that could not reasonably have been prevented under the circumstances. If all or any portion of the oil and natural gas required to be delivered by the Capricorn Group, the NewMed Group and, following Completion, the Combined Group to a customer in any given year is not delivered, or, if tendered for delivery, is not taken by such customer, as a result of the occurrence of any such force majeure event, then the minimum amount that the customer is required to take-or-pay for natural gas in the year in which the force majeure event occurs is generally reduced, in accordance with the mechanism set forth in the relevant Offtake Agreement. As such, the occurrence of a force majeure event that suspends a customer's obligations to purchase a significant amount of natural gas could have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's short or long-term revenues under the affected Offtake Agreements, which in turn could adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's revenues from the Offtake Agreements and ultimately have a material adverse effect on its business, results of operations, financial condition or prospects.

For example, the Leviathan Offtake Agreements require the customer to take and pay for, or pay for if not taken, certain minimum quantities of natural gas. However, this obligation may be suspended upon the occurrence of certain force majeure events specified in the relevant Leviathan Offtake Agreements affecting the customer or the Leviathan Field. The Leviathan Offtake Agreements specify events that

will not be considered as force majeure events even if they are beyond a customer's control. To the extent additional Offtake Agreements are agreed, they would be expected to have similar force majeure provisions.

In addition, the BOE Export Agreement has a price adjustment mechanism and a take-or-pay adjustment mechanism, which includes a price review (if required based on certain benchmarks) and negotiation of a price adjustment of up to 10 per cent. (increase or decrease) after the fifth and tenth years (January 2025 and 2030, respectively) of the BOE Export Agreement (the “**First Adjustment Date**” and the “**Second Adjustment Date**”, respectively) upon the fulfilment of certain conditions set forth in the BOE Export Agreement (primarily, BOE having taken a quantity equal to the take-or-pay quantity for the first five years of the Dolphinus Export Agreement). In the case of a disagreement regarding the price adjustment, BOE will have the right to reduce the ACQ by up to 50 per cent. on the First Adjustment Date and by up to 30 per cent. on the Second Adjustment Date. Furthermore, the GSPAs contain a standard suite of force majeure provisions, whereby buyers' obligations to purchase certain quantities of gas may be suspended on the occurrence of certain events.

To the extent additional Offtake Agreements are entered into in the future with respect to the Leviathan Project or the Egypt Concessions or otherwise, they would be expected to have similar force majeure provisions, which may have the similar effect of suspending or reducing the relevant buyer's obligations to purchase specified amounts of natural gas. The invoking of a force majeure provision under the Trafigura Offtake and Marketing Agreement, the BPOI Offtake and Market Agreement, the Leviathan Offtake Agreements, the NEPCO Export Agreement or the BOE Export Agreement, or a price adjustment under the BOE Export Agreement, could adversely affect the Combined Group's revenues from the Egypt Concessions, the Leviathan Interest or other Combined Groups Assets, and ultimately have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects.

14. Delek Group will retain a significant interest in and will continue to exert substantial influence over the Combined Company following the Combination and its interests may differ from or conflict with those of other shareholders.

Immediately following Admission, Delek Group will own (directly and indirectly) approximately 49.47 per cent. of the issued ordinary share capital of the Combined Company. Delek Group has entered into a Relationship Agreement (see paragraph 7.1(B) of Part XVIII (*Additional Information*)), which will, conditional upon Admission, regulate (in part) the degree of control that Delek Group and its affiliates may exercise over the management of the Combined Company). In addition to its rights under the Relationship Agreement to appoint director(s) to the Board (as further described in the next paragraph), Delek Group will possess sufficient voting power to have a significant influence over all matters requiring shareholder approval, including the election of directors, dividend policy, remuneration policy, approval of significant corporate transactions, and changes in the Combined Company's capital structure.

Pursuant to the Relationship Agreement and subject to the conditions therein, so long as it and its Associates hold in aggregate at least 25 per cent. of the share capital of the Company, Delek Group has a right to nominate for appointment up to two non-executive directors to the board of directors of the Company, one of which may observe and participate in discussions at each of the Remuneration Committee and Audit Committee. If Delek Group and its Associates' aggregate shareholding were to fall below 25 per cent., but remain, in aggregate, not less than 10 per cent., then Delek Group would have the right to nominate for appointment one non-executive director to the board of directors of the Company, who may also observe and participate in discussions at each of the Remuneration Committee and Audit Committee. At Admission, it is expected that two out of seven non-executive directors of the board will be nominated by Delek Group. In addition, certain of these directors may, from time to time, hold investments in Delek Group or affiliates of Delek Group (other than the Combined Group). Since the interests of Delek Group may not be aligned with the interests of Capricorn, a conflict of interest may arise. However, under the terms of the Relationship Agreement, non-executive directors appointed by Delek Group are not permitted to vote on, or participate in, any meeting relating to a matter giving rise to a conflict of interest or duty between Delek Group or any of its Associates, on the one hand, and any member of the Capricorn Group, on the other hand, as

determined by the majority of independent directors of the board. Non-executive directors appointed by Delek Group under the Relationship Agreement will not be deemed independent for the purposes of the UK Corporate Governance Code. The Relationship Agreement expires at the earlier of (i) Ordinary Shares in Capricorn ceasing to be listed on premium segment of official list or admitted to trading on main market; and (ii) the Principal Shareholders and their Associates ceasing to hold or control, in aggregate, 10 per cent. or more of the Ordinary Shares.

In addition, pursuant to the Relationship Agreement and subject to the conditions therein, Capricorn undertakes not to undertake any redemption or purchase of its own shares which may reasonably be expected to give rise to any obligation on a Principal Shareholder or any person with whom they are acting in concert to make a general offer in accordance with Rule 9 of the Takeover Code unless: (i) a resolution to waive the obligations of each Principal Shareholder and any person with whom it/he is acting in concert to make a general offer for the Company's shares in accordance with Rule 9 of the Takeover Code has been put to a vote of the Independent Shareholders in accordance with the procedure set out in Appendix 1 of the Takeover Code and such redemption or purchase of Capricorn's Ordinary Shares is conditional upon the passing of the Rule 9 Resolution; or (ii) the Takeover Panel has otherwise consented to waive the obligation of any Principal Shareholder or any person with whom it (or he, as the case may be) is acting in concert to make a mandatory offer pursuant to Rule 9 of the Takeover Code. Therefore, Capricorn will be restricted from undertaking a redemption or purchase of its own shares if the abovementioned conditions are not satisfied and such restriction may affect the liquidity of the Ordinary Shares.

Delek Group's and the Delek Concert Party's significant ownership may: (i) delay or deter a change of control of Capricorn (including deterring a third party from making a takeover offer for Capricorn); (ii) deprive Capricorn Shareholders of an opportunity to receive a premium for their Ordinary Shares as part of a sale of Capricorn; or (iii) affect the liquidity of Ordinary Shares, each of which could have a material adverse effect on the trading volume and market price of Ordinary Shares. This could be the case if investors determine that the Ordinary Shares are not as attractive due to high concentration of ownership and degree of influence by Delek Group, as a result of which demand for Ordinary Shares may reduce. There can be no assurance that the interests of Delek Group will align with the interests of the Combined Company, the Combined Group, the Existing Capricorn Shareholders, or the Capricorn Shareholders. For example, there is an ongoing dispute between Delek Group and NewMed (as further described in Section B, paragraph 18 of the section of this document entitled "Risk Factors"). Delek Group may make acquisitions of, or investments in, other businesses in the same sector as the Combined Group. These businesses may be, or may become, competitors of the Combined Group. Although corporate law and board governance arrangements contain provisions seeking to restrict directors appointed by Delek Group from voting on matters where there are conflicts of interest and from using information obtained during their appointments, these and other measures may not be sufficient to safeguard the interests of other Capricorn Shareholders.

15. The Combined Group is exposed to fluctuations in the exchange rates of the ILS, the Egyptian pound and pounds sterling relative to the US dollar.

The Capricorn Group, the NewMed Group and, following Completion, the Combined Group is exposed to changes in the USD:ILS, USD:Egyptian pound and USD:GBP exchange rates. Its reporting currency is the US dollar, and its revenues under the majority of Offtake Agreements are denominated in US dollars. In addition, its taxes payable in Israel are due in Israeli new shekels, in Egypt in Egyptian pounds, the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's general and administrative expenses are mostly paid in pounds sterling and Israeli new shekels and the Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. Therefore, fluctuations in the exchange rates of the Israeli new shekel, Egyptian pound and pounds sterling relative to the US dollar could reduce the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's reported revenues, increase its reported expenses or taxes payable, as well as affect the share price of the Combined Group, any of which could have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects.

16. The price of natural gas in Israel could be subject to price control.

Pursuant to the Israeli Price Control on Consumer Goods and Services (Application of the Law to Natural Gas and Determination of the Level of Control) Order 5773-2013 published in April 2013 (the “Price Order”), all gas sellers and producers in Israel, including the Combined Group, must semi-annually report the prices and profit margins of the natural gas sold by them. According to the inter-ministerial price committee of the Israeli Ministry of Finance and the Israeli Ministry of Energy, the Price Order’s goal is to allow the review of the information that is necessary to determine whether price controls in the form of a maximum price on the sale of natural gas in Israel should be required. As at the Latest Practicable Date, a maximum price for gas has not been imposed. However, if such price controls are introduced and a maximum price restriction on the sale of gas in Israel is imposed (if the maximum price is lower than the prices stipulated in the relevant Leviathan Offtake Agreements), and insofar as such decision will withstand judicial review, the prices set forth in the relevant Leviathan Offtake Agreements for the Israeli market may be reduced, which could adversely affect the Combined Group’s revenues from the Leviathan Interest and ultimately have a material adverse effect on the Combined Group’s business, results of operations, financial condition or prospects.

17. The Capricorn Group and, following Completion, the Combined Group has a portfolio of exploration rights in various jurisdictions including the United Kingdom, Mauritania, Mexico and Suriname, which may be capital intensive and are not guaranteed to be successful.

The Capricorn Group and, following Completion, the Combined Group has a portfolio of exploration rights in jurisdictions including the United Kingdom, Mauritania, Mexico and Suriname. Exploration activities are capital intensive and their successful outcome cannot be assured. The Capricorn Group and, following Completion, the Combined Group may undertake additional exploration activities and may incur significant expenditures relating thereto with no guarantee that such expenditures will result in the discovery of commercially exploitable reserves. The Capricorn Group’s and, following Completion, the Combined Group’s exploration and development activities may produce unprofitable results, not only from dry wells, but also from producing wells that do not generate sufficient revenues to cover drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Dry wells, or wells with lower production than expected, may also result in the Capricorn Group, and, following Completion, the Combined Group requiring substantially more funds if it chooses to continue exploration work and to drill further wells beyond the Combined Group’s existing minimum exploration work. Such funding may be unavailable or may have to be obtained on unfavourable terms, leading to a potential deterioration in the Capricorn Group’s, and, following Completion, the Combined Group’s financial position. Drilling a dry well or discovering less hydrocarbons than expected may also mean that the Combined Group may not be able to recover the costs incurred in drilling that well or make a return on its investment, resulting in significant exploration expenditure being written off. In addition, depressed prices for hydrocarbons may result in the Capricorn Group’s, and, following Completion, the Combined Group’s exploration prospects becoming or remaining commercially unviable or in the impairment of asset values, particularly if prices are depressed for a prolonged period, and could also impact future expansion and development plans. In 2021, the Capricorn Group’s exploration wells in the North Matruh concession and the North Um Baraka concession in Egypt were unsuccessful. The completion of the Saasken-2 appraisal well on Block 10 Mexico confirmed that the original Saasken discovery reservoir did not extend into neighbouring Block 9 and this resulted in an impairment of remaining exploration and appraisal costs capitalised in Block 9. Appraisal results for discoveries are uncertain. Appraisal and development activities involving the drilling of wells across a field may be unpredictable and not result in the expected outcome. There can be no assurance that the Capricorn Group, and, following Completion, the Combined Group will be able to convert contingent resources at any of its undeveloped fields into reserves.

18. The Capricorn Group’s, the NewMed Group’s and, following Completion, the Combined Group’s operations may be subject to the risk of litigation.

From time to time, the Capricorn Group, the NewMed Group and, following Completion, the Combined Group may be subject to or otherwise impacted by litigation or arbitration arising out of their activities

or operations, whether or not a direct party to those matters. Any decision adverse to the Capricorn Group or the NewMed Group in an existing dispute or new material claims to which the Capricorn Group or the NewMed Group may become subject, and any related reputational damage, could have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, financial condition, results of operations, cash flows or prospects. The resolution of all disputes and litigation is inherently uncertain. Wherever Capricorn or NewMed has included an assessment of its prospects of success in respect of a particular litigation, it is purely its view based on advice of its counsel for such matter, and such assessments are forward-looking statements and may prove incorrect.

A dispute concerning the manner of calculation of the Investment Recovery Date in the Tamar Project that NewMed is currently involved in with Delek Group and its affiliate could directly and/or indirectly adversely impact the Combined Group.

The NewMed Group's rights to production from the Leviathan Field are subject to contractual royalties payable to the Royalty Holders, at rates which are specified in the Royalties Agreements. Until the disposal by NewMed of its interests in the Tamar Project, the rights of the Royalty Holders to receive royalties from NewMed also applied to NewMed's interests in the Tamar Project. Pursuant to the Royalties Agreements, NewMed granted to a subsidiary of Delek Group and other third parties certain Overriding Royalties, at the wellhead, from all maritime petroleum assets in which NewMed has or may in the future have an interest at the rate of 4.5 per cent. before the Investment Recovery Date and 9.5 per cent. after the Investment Recovery Date. The NewMed Group and, following Completion, the Combined Group, is required to pay such royalties with respect to its 45.34 per cent. working interest in the Leviathan Leases, and was required to pay such royalties with respect to its 31.25 per cent. working interest in the Tamar Project until the disposal of those interests in July 2021 (9.25 per cent.) and December 2021 (22 per cent.). The rate of royalties increases after the "Investment Recovery Date" in respect of each project. With respect to the calculation of the "Investment Recovery Date" for the Tamar Project, there is a dispute regarding the expenses that should be taken into account as part of the "Value of All of NewMed's Expenses" and, in particular, whether financing expenses and the levy that will be paid under the Taxation of Profits from Natural Resources Law should have been included in the calculation (the "**Tamar Investment Recovery Date Dispute**"). The Tamar Investment Recovery Date Dispute continues despite NewMed's sale of the Tamar Project in 2021.

In January 2019, NewMed's Supervisor filed a petition with the Tel Aviv District Court, on behalf of the NewMed Unitholders, in which the Supervisor argued, *inter alia*, that the determination of the "Investment Recovery Date" for the Tamar Project did not take into account certain future Levy Payments expected to be paid by NewMed, and that if these payments were included in the calculation it would significantly postpone the "Investment Recovery Date" for the Tamar Project, resulting in payments by NewMed of the royalties to Delek Energy and Delek Group at a later date. NewMed estimates that if the Supervisor's position regarding the calculation of the "Investment Recovery Date" is accepted, the actual "Investment Recovery Date" for the Tamar Project would have occurred during the second quarter of 2019 (rather than January 2018). In response to the Supervisor's petition, Delek Group and Delek Energy filed a counterclaim against NewMed in which they argue, *inter alia*, that the determination of the "Investment Recovery Date" should not have taken expected financing expenses into consideration when it calculated the "Investment Recovery Date" for the Tamar Project and based on a correct calculation, the "Investment Recovery Date" for the Tamar Project occurred much earlier than the date calculated by NewMed (i.e. in August 2015, rather than January 2018).

On 5 April 2021, a pre-trial hearing took place, during which the parties were offered to refer to mediation, following which the parties agreed to apply to former Supreme Court Justice Yoram Danziger as a mediator. As at the Latest Practicable Date, the mediation process has not yet been concluded. It is expected that any decision with respect to the calculation method of the Investment Recovery Date in the Tamar Project could also apply, *mutatis mutandis*, to the royalty obligations in respect of the NewMed Group's and, following Completion, the Combined Group's 45.34 per cent. working interest in the Leviathan Project (as the royalty arrangements are similar to those in respect of the Tamar Project).

Furthermore, in general, the calculation of royalties can be open to interpretation and result in disputes as to the correct amount payable and such disputes may result in litigation.

A potential future dispute concerning the obligation to pay royalties in respect of new assets may arise.

The NewMed Group's position is and, following Completion, the Combined Group's position will be that Capricorn's existing assets as well as any new assets that will be purchased and held after Completion by the Combined Company or by any of its subsidiaries other than NewMed (together, the "**New Assets**"), will not be subject to the rights of the Royalty Holders to receive royalties under the Royalties Agreements. However, as part of the Court proceedings for approval of the Scheme, three Royalty Holders (being Cohen Gas & Oil Development Ltd, Y.N.U Nominee Company Ltd and YOAL Jerusalem Oil Exploration Ltd, none of which are affiliates of Delek Group) filed a motion to join the Court proceedings, making the claim that a statement in the Scheme (which will receive the status of a binding ruling) whereby the Royalties Agreement would not apply to New Assets held by the Combined Company or another of its expected subsidiaries following Completion (even if those assets are not purchased or held by NewMed or the NewMed Group) would be prejudicial to them as creditors of NewMed. As noted above, the NewMed Group and, following Completion, the Combined Group are of the position that the Royalty Holders are only entitled to royalties from existing or future assets and rights held by NewMed.

In light of the above, a potential dispute concerning the obligation to pay royalties from New Assets may arise between the Combined Group and the Royalty Holders. If the Royalty Holders' position is accepted, then such New Assets that will be acquired by the Combined Group in the future will be subject to the Royalties Agreements, which would have a material adverse effect on the Combined Group's business, financial condition, results of operations and cash flows. Such dispute may also delay or prevent Completion. Under the terms of the Scheme, Delek Group will agree that post-Completion, the Delek Royalties will not apply to assets currently owned by the Company, nor to any New Assets. Notwithstanding the above, if a competent court determines in a claim made by any other Royalty Holder that the Royalty Agreements will apply to New Assets as well, then such agreement by Delek Group with respect to New Assets will not apply, and Delek Group will be entitled to make a similar claim with respect to New Assets under the Delek Group Royalty Agreement.

19. The NewMed Group and, following Completion, the Combined Group may not receive the expected level of royalties from the Karish and Tanin Leases, over which it holds an overriding royalty interest, and is party to a dispute with the owner of the Karish and Tanin Leases in respect of a receivable under a loan.

Production from the Karish Field commenced in October 2022. Many of the risks identified in this section applicable to the Leviathan Field will also apply to the Karish and Tanin Fields, including disruptions and malfunctions in the production of gas from the fields, delays and postponements in the schedules for the further development of the project, laws and regulations limiting the price of natural gas, and regional and international circumstances affecting gas supply. Each of these may adversely affect the payment of the Karish and Tanin Royalties from the Karish and Tanin Leases and, accordingly, the Combined Group's revenues. In extreme cases, the occurrence of certain events could even limit or cause the Combined Group's right to receive the Karish and Tanin Royalties to expire, which could adversely affect the Combined Group's revenues from the Karish and Tanin Royalties.

In 2016, NewMed and Chevron sold the Karish and Tanin Fields to Energean. The NewMed Group owns overriding royalty rights in respect of production from the Karish and Tanin Fields at a rate of between approximately 2.47 per cent. and 5.12 per cent., subject to, inter alia, the determination of the Investment Recovery Date for the project and the levy by the Taxation of Profits from Natural Resources Law (the "**Karish and Tanin Royalties**").

The NewMed Group's revenues from the Karish and Tanin Royalties rights depend entirely on the performance of the relevant asset operated by Energean. The NewMed Group is not involved in the management or operation of the Karish and Tanin Fields and does not have any degree of control over decisions with respect to the Karish and Tanin Fields, and has limited access to data and information related to the project. A breach by Energean of the terms of the Karish and Tanin Leases or any licences or permits or other applicable laws may adversely affect the NewMed Group's right to receive Karish and Tanin Royalties for a period of time or indefinitely.

In addition, the NewMed Group does not incur, is not responsible for, and may not make decisions with respect to any expenses related to the Karish and Tanin Leases. However, the amounts and timing of project expenses could affect the payment of Karish and Tanin Royalties, which are taken into account for purposes of determining the effective rate of the Karish and Tanin Royalties and for purposes of determining the Investment Recovery Date, and an increase in such expenses would delay the Investment Recovery Date (at which point in time the rate of Karish and Tanin Royalties would increase).

In April 2020, Energean and NewMed exchanged letters in connection with the Karish and Tanin Royalties. Energean argues, *inter alia*, that the Karish and Tanin Royalties do not apply to hydrocarbons from the “Karish North” reservoir, and in addition that not all of the hydrocarbon liquids produced from the Karish lease meet the definition of condensate under the Karish and Tanin Overriding Royalty Deed. NewMed’s position, based on advice it has received, which position the Combined Company expects to also take, is that according to the Karish and Tanin Overriding Royalty Deed, the sale agreement in respect of the Karish and Tanin Leases and the registration in the Petroleum Register, Energean’s obligation to pay royalties applies to natural gas and condensate produced from the Tanin and Karish Leases, including the “Karish North” reservoir, and that all of the hydrocarbon liquids to be produced from the Karish and Tanin Leases constitute “condensate”, as defined in the Karish and Tanin Overriding Royalty Deed. As at the Latest Practicable Date, there is no agreed position. If Energean’s position is accepted in full, NewMed and, following Completion, the Combined Group may not receive the expected level of royalties from the Karish and Tanin Leases, which could negatively impact its expected future cash flow. Further, the determination of the “effective rate” of the Karish and Tanin Royalties is not certain and subject to change. Pursuant to the Karish and Tanin Overriding Royalty Deed, the Karish and Tanin Royalties are calculated based on the market value of the petroleum at the well head (i.e. the site of extraction). However, all gas sales in Israel are priced at the onshore entry point to the national gas transportation grid. Accordingly, when the Karish and Tanin Royalties are expressed as a proportion of gas sales, the “effective rate” of the Karish and Tanin Royalties is lower than the headline rate reflecting, for example, gas transport costs. The effective rate of the Karish and Tanin Royalties payable under the Royalties Agreements is calculated using the same methodology that the State of Israel uses to calculate its effective rate of State Royalties in relation to the headline rate of State Royalties.

Accordingly, any future decision with respect to the effective rate of the state royalties payable to the State of Israel pursuant to provisions of the Israeli Petroleum Law 5712-1952 (the “**State Royalties**”) is expected to have a corresponding impact on the effective rate of the Karish and Tanin Royalties paid by Energean under the Karish and Tanin Overriding Royalty Deed, which could be lower or higher than those currently being utilised, and is outside the Combined Group’s control. Furthermore, any future agreement as to the calculation of the market value of the gas at the well head that uses a different methodology than the one used to calculate State Royalties could have an impact on the effective rate of the Karish and Tanin Royalties paid by Energean under the Karish and Tanin Overriding Royalty Deed.

The agreement for the sale of NewMed’s interests in the Karish and Tanin Leases stipulates that once Energean obtains financing for the development plan of Karish and Tanin as stipulated in the agreement, Energean will be required to immediately pay the total balance of the consideration due in connection with the sale of Karish and Tanin by NewMed to Energean. Accordingly, following the issuance of bonds by Energean on 30 April 2021, NewMed demanded immediate payment of the total balance of the consideration from Energean, which demand was rejected on the grounds that the condition for immediate payment of the balance of the consideration was not fulfilled. Consequently, on 31 May 2022, NewMed filed a claim with the Tel-Aviv District Court against Energean, *inter alia*, for the payment of the remaining consideration under the sale agreement. The outstanding balance under the Energean Loan was approximately US\$63.2 million as at 30 September 2022, with a book value of approximately US\$54.5 million as at 30 September 2022. As at the Latest Practicable Date, the legal proceedings are ongoing.

20. Tax related disputes and legal proceedings could mean that the NewMed Group and, following Completion, the Combined Group incur additional tax obligations.

As at the Latest Practicable Date, in respect of tax years 2016-2022, the ITA audit of the tax report of NewMed is not yet completed. Accordingly, after the completion of the ITA audit for any or all years, the final tax assessment may be significantly higher than the tax payments actually made by NewMed Group, and in such case the Combined Group will be required to pay to the ITA the balance of the unpaid tax deriving from such assessment differences (subject to any different outcome as a result of any appeal).

Currently there are certain disputes between NewMed Group and the ITA regarding the taxable income of NewMed Group for the years 2016, 2017 and 2018. The ITA has not completed its assessment for any year subsequent to 2018 and there can be no guarantee that there will be no disputes between NewMed Group and the ITA in respect of subsequent tax years. Pursuant to tax assessments issued by the ITA to NewMed Group with respect to the years 2016, 2017 and 2018, if all the ITA's assessments are accepted, NewMed Group would be liable to make additional tax payments (including interest and any inflation adjustments) in the amount of approximately US\$145.8 million.

Since 2011, new initiatives have been introduced into Israeli legislation regarding the taxation of activities relating to the exploration and production of natural resources. These include new levies under the Taxation of Profits from Natural Resources Law. Those provisions, although fully effective, have yet to be tested in Israeli courts. Currently, it is difficult to determine how the Israeli tax authorities and courts will interpret these regulations, if and when they are brought before them. Should such future scrutiny modify the way those new initiatives are currently understood, it could have material adverse implications on the tax arrangements applicable to the Capricorn Group, the NewMed Group and, following Completion, the Combined Group. This, in turn, could adversely affect the Combined Group's business, results of operations, financial condition or prospects.

21. A cyber incident could result in information theft, data corruption, operational disruption or financial loss.

The gas and oil industry has become increasingly dependent on digital technologies to conduct day-to-day operations, including certain exploration, development and production activities. For example, software programmes are used to interpret seismic data, manage drilling rigs, production equipment and gathering and transportation systems, conduct reservoir modelling and reserves estimation, and for compliance reporting.

The Capricorn Group, the NewMed Group and, following Completion, the Combined Group depends on digital technology included in OT systems such as ICS that control large-scale processes across multiple sites and long distances, such as power generation and transmission, communications and condensate and gas pipelines) and IT systems and related infrastructure as well as cloud application and services, to conduct its operations, obtain, process and record financial, accounting and operating data, communicate with the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's employees, consultants and business partners, analyse seismic and drilling information, estimate quantities of gas reserves and for many other activities related to their activities. OT Systems (such as ICS) are potentially vulnerable to cyber-attacks. The operators and other partners in the assets and their business partners, such as vendors, service providers, purchasers of the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's production, and financial institutions are also dependent on digital technology. As dependence on digital technologies has increased, cyber incidents, including deliberate attacks or unintentional events, have also increased, as have the severity and sophistication of such incidents. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. Cyber-attacks may include gaining unauthorised access to digital systems for the purposes of misappropriation of assets or sensitive information, corrupting data and causing operational disruption. In addition, the Leviathan Project is located within the Israeli EEZ and is considered to be strategic infrastructure in Israel. Therefore, the Leviathan Project is also potentially vulnerable to cyber- attacks or incidents (including deliberate attacks by governmental or non-governmental entities that may be hostile to the Israeli national interest or unintentional events).

A cyber incident involving the IT, OT or related infrastructure of the Capricorn Group, the NewMed Group and, following Completion, the Combined Group, or the operators of their projects, the other partners in the Combined Group Assets and their business partners could disrupt their business plans and negatively impact their operations in the following ways, among others: (i) a cyber-attack could result in the unauthorised access, release, gathering, monitoring, misuse, leakage or destruction of proprietary or other sensitive information and misappropriation of assets, which could cause operation disruptions; (ii) a cyber-attack could result in data corruption or operational disruption of production infrastructure, resulting in significant damage to equipment or facilities, disruption of service, leakage of gases, emission of poisons, toxins or wastewater into the environment, the explosion of containers and the disabling of essential services such as electricity, gas and water, which could even result in loss of human life and more; (iii) a cyber-attack on a vendor or service provider could result in supply chain disruptions which could delay or halt operations; (iv) a cyber-attack on a third-party gathering or pipeline service provider could prevent the Combined Group and its partners from marketing their production, resulting in a loss of revenues or a shortfall; (v) a cyber-attack involving commodities exchanges or financial institutions could slow or halt commodities trading, thus preventing the Combined Group from marketing its production or engaging in hedging activities, resulting in a loss of revenues; (vi) a cyber-attack which halts activities at a power generation facility or refinery or an industrial plant using natural gas as feed stock could have a significant impact on the natural gas market, resulting in reduced demand for natural gas, lower natural gas prices and reduced revenues; (vii) a cyber-attack on a communications network or power grid could cause operational disruption resulting in loss of revenues; (viii) a deliberate corruption of the financial or operational data of the Combined Group or its partners in the Combined Group Assets could result in events of non-compliance, which could lead to regulatory fines or penalties or cause delays in scheduled payments; and (ix) business interruptions could result in expensive remediation efforts, distraction of management and damage to the Combined Group's and its partners' reputation.

Breakdowns in IT or OT systems and security failures, such as those caused by unauthorised access to the computer systems of the Capricorn Group, the NewMed Group and, following Completion, the Combined Group, or the operators of their projects, the other partners in the Combined Group Assets or their business partners, may cause interruptions and damage to the systems supporting their business activity, interruption and, in extreme cases, even the discontinuation of the gas supply, loss of information, and may result in the incurrence of material costs for the recovery of such systems, which could adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects. As cyber threats continue to evolve, the Capricorn Group, the NewMed Group and, following Completion, the Combined Group, or the operators of their projects, the other partners in the Capricorn Assets, the NewMed Assets and the Combined Group Assets and their business partners may be required to expend additional resources to continue to modify or enhance their protective measures and to investigate and remediate any security vulnerabilities.

22. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group rely on third-party contractors and suppliers of equipment and services for their operations.

The Capricorn Group, the NewMed Group and, following Completion, the Combined Group use independent third-party contractors to provide certain technical assistance and services. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group rely upon a range of service providers, as is customary in the oil and gas industry, including owners and operators of drilling rigs, owners and operators of oil field services equipment, and various other service providers, to facilitate the identification, characterisation, drilling, development and production of assets. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group (and their contractors) may also face challenges sourcing and contracting suitable equipment and service providers, challenges getting equipment into host countries, which may result in increased costs, delays and a reduction in production. Furthermore, there are a limited number of drilling rigs capable of carrying out deep-water drilling and development operations and there is no certainty that adequate drilling rigs will be available when required, or at all. As a result, these offshore operations in particular could involve high costs or significant delays to schedules set out in the relevant work programmes. Most of the suitable equipment and human resources for these operations cannot be procured on short notice. Therefore, it is often necessary to order equipment and professional services from outside of

where its operations are located in advance, which is expensive and could cause significant delays in operations. Due to the security and political situation in Israel, Cyprus and Egypt, contracting with foreign contractors for offshore development and production operations (including maintenance and repairs) can sometimes be difficult.

The Capricorn Group experienced difficulties in Egypt during the course of the last financial year, with the delivery of two rigs subject to logistical and commissioning delays. The Capricorn Group relies and, following Completion, the Combined Group will rely upon the services of other third parties to explore or analyse their prospects and to determine a method in which the prospects may be developed in a cost-effective manner. In certain cases, the Capricorn Group, the NewMed Group and, following Completion, the Combined Group may exercise limited control over the activities and business practices of these providers and any inability to maintain satisfactory commercial relationships with them or their failure to provide quality services could materially adversely affect the Capricorn Group, the NewMed Group and, following Completion, the Combined Group's business, financial condition, results of operations, cash flows or prospects.

Currently, there are no local contractors in Israel or Cyprus suitable for exploration and development operations and seismic studies associated with deep-water offshore projects of the type used in the Leviathan and Aphrodite Fields. Therefore, the Capricorn Group, the NewMed Group and, following Completion, the Combined Group engages foreign contractors for many of the services it requires, including at the Leviathan Project. The price of services and the costs of development and production activities are determined according to the supply and demand in the markets that are affected by, among other things, commodity prices, regulatory changes, supply of alternative products and the level of activity in the industry. These costs often rise following an increase in exploration and development activities following an increase in energy prices. If the Capricorn Group, the NewMed Group and, following Completion, the Combined Group is unable to engage contractors or equipment when necessary on favourable terms or at all, the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's operation may be delayed or adversely affected. This, in turn, could adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects.

23. The Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's contractual arrangements contain change of control provisions.

Certain of the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's contractual arrangements with offtakers, suppliers, governments, contractors and financiers include change of control provisions that provide the counterparty with the right to consent to the change of control or terminate the relevant contract. It is possible that the Combination may trigger some of these change of control provisions, or that such counterparties' interpretations of whether the Combination will trigger such change of control provisions may differ from the views of the Capricorn Group, the NewMed Group and, following Completion, the Combined Group. The termination by counterparties of certain contracts, whether individually or collectively material, with the Combined Group could have a material adverse effect on the Combined Group's business, financial condition, results of operations, cash flows or prospects.

24. Parties to the Egyptian JOA, Leviathan JOA and the Aphrodite JOA are subject to payment obligations in connection with exploration, appraisal, development, production and decommissioning activities. A payment default under any JOA could lead to the Combined Group's loss of entitlement to gas revenues from the related assets and forfeiture of its interests in the assets.

The Capricorn Group, the NewMed Group and, following Completion, the Combined Group are party to various JOAs concerning the exploration, appraisal, development, production and decommissioning activities of the Egypt Concessions, the Leviathan Field and the Aphrodite Field, and other Capricorn Assets. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group cannot control whether, or provide assurances that, the other partners in its Combined Group Assets will comply with their obligations under the relevant JOAs. Should any party to a JOA fail to pay its respective share of the joint account expenses, the non-defaulting partners (including the Combined Group) could be required to contribute a share of the amount in default in proportion to their respective

participating interests (not taking account of the participating interest of the defaulting party) and could be liable for additional payments that could significantly exceed their proportionate interests in the relevant assets (although these could be offset by increased entitlements to proceeds from gas sales). Accordingly, any default on the part of the Combined Group or the other partners in relation to the Combined Group Assets, to pay their proportionate share of joint account expenses could adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects.

Under the Leviathan JOA and Aphrodite JOA, a default may occur if a party thereto fails to pay its share of joint account expenses or maintain any security required under the Leviathan JOA or Aphrodite JOA, in proportion to its interest in the relevant project. In the event that the Combined Group defaults on its payment obligations under a JOA, it could lose some or all of its entitlement to proceeds from sales of gas under the relevant Offtake Agreements or similar arrangements during the pendency of such default, and, if such default were not cured in a timely manner, its interests in the underlying project could be forfeited, in part or in whole.

25. The NewMed Group and, following Completion, the Combined Group may face unanticipated increased or incremental costs in connection with decommissioning obligations.

Lessees or licensees are typically required under the terms of the relevant leases or licences or local law to dismantle and remove equipment, to cap or seal wells and generally to remediate production sites. Even if the Combined Group contracts to sell its Combined Group Assets without accepting liabilities for such obligations, it may nonetheless remain responsible for such liabilities.

Given the stage of development of the Leviathan Field, the NewMed Group has not currently provided for any decommissioning obligations for the Leviathan Field and is not yet required to do so, although these will be required in the far future. Future decommissioning costs for the Leviathan Field may require the posting of financial security, for example in the form of letters of credit. If the Combined Group is unable to procure or renew such letters of credit on commercially acceptable terms or at all, it risks being in default of its lease obligations. With respect to the Yam Tethys Project, the NewMed Group is already contributing its share of costs to decommission the facilities, including wells and subsea infrastructure, and may be required to contribute further sums in the future in relation to decommissioning of other facilities of the Yam Tethys Project. Any of the above risks, if they were to materialise, could adversely affect the Combined Group's business, results of operations, financial condition or prospects.

26. The Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's rights to the Combined Group Assets may be revoked and, if they expired, may not be extended.

Exploration, development and production rights to gas and oil assets in Egypt, Israel, Cyprus, the United Kingdom, Mauritania, Mexico and Suriname are granted under legislation within the relevant jurisdictions. Such rights are granted for a limited period of time and their validity is conditional on the timely fulfilment by the rights holders of certain prescribed obligations. In the event of non-compliance, the underlying rights may be revoked, which could lead to the loss of all investments up to the revocation date.

Certain development leases relating to the Capricorn Group and, following Completion, the Combined Group's Egyptian Assets state that the development lease for a gas discovery shall have an initial term of 20 years with an optional extension on the part of the parties of five years (and the possibility of further five year extensions), subject to approval by the Egyptian government. The development agreements further state that the term of the agreement shall not exceed 35 years from the date of the relevant commercial discovery. On 16 April 2019, the Egyptian Constitution was amended such that, pursuant to Article 32 of the Egyptian Constitution, the maximum possible term for a concession is 30 years. There can be no guarantee that the Egyptian government will agree to extend the Egypt Concessions to the original 35-year term, or to any five-year extension. Any such refusal by the Egyptian government to extend a development lease for any of the Egypt Concessions may adversely affect production from the Egypt Concessions which could have a material adverse effect on the Combined Group's business, results of operations, financial condition or prospects.

In addition, certain of the development leases under the Obaiyed concession, the Sitra concession, the Badr El Din 3 concession and the North East Abu Ghadarg concession will expire in periods between 22 months and 10 years from the date of this document. If the Capricorn Group and, following Completion, the Combined Group (together with other consortium parties) is unsuccessful in seeking an extension to these leases or is unsuccessful in obtaining new development leases at any of the Egypt Concessions, production from the Egypt Concessions could be adversely affected which could have a material adverse effect on the Combined Group's business, results of operations, financial condition or prospects.

The Petroleum Commissioner granted the leases for No. I/14 "Leviathan South" and No. I/15 "Leviathan North" for the exploration and production of petroleum on 27 March 2014 (the "**Leviathan Leases**"). The Leviathan Leases expire in 2044 and may be extended for an additional 20 years, on reasonable terms fixed by the Minister of Energy after consultation with the Petroleum Council and provided that the Leviathan Partners have complied with their obligations under the Leases, in accordance with the provisions of the Petroleum Law. The Cypriot Government granted a production and exploitation licence under the Aphrodite PSC on 7 November 2019 for an initial development and production period of 25 years from the date of approval, subject to complying with the requirements of the Aphrodite PSC, including, *inter alia*, the drilling of the A-3 appraisal well by August 2023. The Aphrodite Partners have approved a budget of US\$192 million for the drilling of the A-3 appraisal well and for Pre-FEED works in the Aphrodite Field. Drilling is expected to commence in the first half of 2023. The initial development and production period for the Aphrodite Project may be extended for an additional period of up to 10 years. The revocation of, or a failure to extend, the Leviathan Leases or the production and exploitation licence under the Aphrodite PSC, would have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects.

Oil or gas reservoirs discovered or to be discovered in areas to which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group holds rights may extend (in terms of the geological structure or scope of the reservoir) to other areas in which they do not hold the requisite rights. In the event that a reservoir extends into areas in which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group does not hold rights, they may be required to agree to certain joint utilisation or production arrangements in relation to such reservoir, which may cause delays in the reservoir's development. Such delays and associated risks and expenditures could have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects. While a majority of the Aphrodite Field is located in the Cypriot EEZ, a small part of the reservoir extends into the I/20 Yishai lease, which is located in the Israeli EEZ and with respect to which the NewMed Group does not have access rights. As at the Latest Practicable Date, the NewMed Group understands that the Cypriot and Israeli governments are in negotiations to agree on the division of rights between the countries and interest holders. A delay or failure of the negotiations between the Cypriot and Israeli governments could adversely affect the Combined Group's interest in the Aphrodite Field, as well as its business, results of operation, financial condition or prospects.

27. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group may not have adequate insurance to cover all potential losses with respect to the Combined Group's Assets.

While the NewMed Group and Capricorn Group currently maintain insurance to mitigate the effects of certain types of loss with respect to their respective Combined Group Assets, and such insurance is expected to continue post completion of the Combination, not all risks and exposures are insured, or can be insured, and the proceeds of such insurance may not be adequate to cover all insured losses of the Combined Group or third parties with respect to the Combined Group Assets. There is no certainty that insurance policies may be renewed or purchased in the future on commercially reasonable terms or at all. Furthermore, certain types of insurance policies may not be available in the commercial insurance market or the Combined Group may decide not to procure such policies at all for various reasons, including due to the high costs of such policies.

The Combined Group's insurance policies may not be sufficient to cover all losses and damages of the Combined Group or third parties with respect to the Combined Group Assets, including with respect to

environmental pollution, cyber risks, etc. In addition, reimbursement through insurance proceeds could take a substantial amount of time and may not take place immediately. These risks, if they were to materialise, could cause postponements and delays in revenue generation as well as postponements and delays in the production, development and exploration activities of the Combined Group and, in extreme cases, could lead to the Combined Group's insolvency. The decision about the type and scope of insurance policies covering the Combined Group's activities takes into account, among other things, the cost of insurance, the nature and scope of the proposed coverage, the regulatory and contractual requirements, the ability to obtain suitable coverage in the commercial insurance market and the anticipated risks.

As a result of these limitations and the lack of availability of certain types of insurance in the commercial insurance market, the Combined Group Assets, the operations or liabilities for third-party damage may not be fully covered or covered at all and the difference between the amount of proceeds from any contracted insurance policies and the actual losses could be material. The occurrence of any such uninsured or underinsured events could lead to a potential halt in production at the Egypt Concessions, the Leviathan Project or the Aphrodite Project, and the lack of insurance could limit the ability of the Combined Group to restart production, therefore adversely affecting its business, results of operations, financial condition or prospects.

28. Pursuant to the Leviathan JOA and the Aphrodite JOA, Chevron operates and maintains the Leviathan Project and the Aphrodite Project. There is a risk that Chevron ceases to operate the Leviathan Project and the Aphrodite Project.

Under the Leviathan JOA and Aphrodite JOA, subsidiaries of Chevron Corporation operate the Leviathan Project and the Aphrodite Project, respectively. If Chevron ceases to act as the operator of the Leviathan Project or Aphrodite Project, as relevant, due to its resignation or withdrawal, a breach of its obligations or certain events specified in the relevant JOA, the NewMed Group and, following Completion, the Combined Group would have to procure, alongside the other Leviathan or Aphrodite Partners (as applicable), a replacement operator, which may also be the Combined Group (which would be subject to regulatory approval). There is no assurance that a suitable replacement operator could be found or, if found, could be engaged under the same terms and conditions as Chevron (for example, a replacement operator could seek to negotiate to amend the terms of the relevant JOA). Any of the foregoing could cause postponements and delays in the production and further development of the Leviathan Field and the development of the Aphrodite Field and to the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's obligations to supply gas under the Leviathan Offtake Agreements, which could adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects.

29. A future pandemic or outbreaks of or similar to COVID-19, and any resultant operational or economic impact, could adversely affect the Combined Group's business, financial condition and results of operations.

Countries globally suffered and continue to suffer due to negative macroeconomic trends caused by the COVID-19 pandemic, the low oil prices experienced in 2020 and 2021 and inflationary pressures in 2022. These impacts on the Capricorn Group's, the NewMed Group's and following Completion, the Combined Group's host country economies, coupled with the uncertain future prospects of the gas and oil industry as a whole, have put pressure on the host governments to address budget deficits with more aggressive and challenging tax assessments. Any material increase in tax required to be paid by the Combined Group could materially adversely affect the Combined Group's revenues. Further outbreaks of COVID-19 or other contagious diseases in the human population could result in additional widespread health crises that could adversely affect the economies and financial markets of many countries including, in particular, those from which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group expects to derive the substantial majority of its revenues. These potential impacts, while uncertain, could adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business results of operations, financial condition or prospects.

SECTION C: RISKS RELATING TO THE GAS AND OIL INDUSTRY

1. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group face political, economic, legal, regulatory and social uncertainties in certain jurisdictions in which they operate.

Doing business in many of the jurisdictions in which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group operate can involve a high degree of risk which, despite a combination of experience, knowledge and careful evaluation, may not always be able to be mitigated. These risks include, but are not limited to, bribery and corruption, fraud, civil strife or labour unrest, outbreaks of disease, environmental incidents, armed conflict, terrorism, limitations or price controls on gas and oil production, sales or exports and limitations or the imposition of tariffs or duties on imports of certain goods. Such risks may result in loss of value, uncertain financial outcomes or reputational damage for the Capricorn Group, the NewMed Group and, following Completion, the Combined Group. In particular, the security and economic situation in Israel as well as the political situation in the Middle East may affect the willingness of states and foreign entities, including in the Middle East, to engage in business relations with Israeli businesses and entities, including the Combined Group.

Any deterioration in the geopolitical situation in the Middle East (including that associated with Israel's conflict with Hamas, Hezbollah and the Palestinian National Authority), North Africa, or any of the jurisdictions in which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group operates may undermine the Combined Group's ability to maintain or promote its business with such states and entities and export gas to neighbouring states. In addition, deterioration in the relations between Israel and its neighbours in the relevant target markets, for security, political or economic reasons, may adversely affect the Combined Group's ability to export gas, including to Jordan and Egypt pursuant to the NEPCO Export Agreement and the BOE Export Agreement, and operations in Egypt and development in Cyprus. Therefore, any limit on the Combined Group's ability to export gas or negative impact on operations of the Combined Group arising from the political situation in Israel and the Middle East may have a material adverse effect on the Combined Group's business, results of operations, financial condition or prospects.

Political, economic and military conditions in Israel and the surrounding region may directly affect the Leviathan Field and the Combined Group's other operations in Israel. Since the State of Israel was established in 1948, a number of armed conflicts have occurred between Israel, Israel's Arab neighbouring countries and the Palestinian Authority. In recent years, there has been an increase in unrest and terrorist activity in the region with varying levels of severity. In 2006, Israel and Hezbollah (the Iran-backed Lebanese political and paramilitary organisation) clashed in a five week military conflict. In December 2008, for approximately three weeks, Israel engaged in an armed conflict with Palestinian paramilitary groups (mainly Hamas) in the Gaza Strip, which involved, amongst other actions by the belligerents, missile strikes from the Gaza Strip towards various parts of Israel and included civilian casualties in Israel and the Gaza Strip. In November 2012 and in the summer of 2014, there was a similar armed conflict and further armed conflicts have occurred since then as well (as recently as the summer of 2022). Further armed conflicts could expose the facilities of the Leviathan Project and the pipeline, infrastructure and facilities used for the supply of gas to Jordan and Egypt to security risks in the future.

Political uprisings, social unrest and violence in Egypt (among various countries in the Middle East) could affect the political stability of Egypt. The January 2011 Egyptian revolution resulted in the resignation of President Hosni Mubarak, the deposition of President Mohamed Morsi and his government by Egyptian armed forces, and the election of Abdel Fattah el-Sisi, who has been President since 2014. Such political turmoil has, at times, been characterised by widespread civil unrest and violent clashes between civilians and military alike, resulting in uncertainty and instability in the market and leaving business activity negatively affected. This instability may lead to deterioration of the political relationships or status quo that exists between Egypt and other countries in the Middle East and has raised concerns regarding security in the region and the potential for armed conflict. The effects of instability or any conflict on the Egyptian or Israeli economy and the Combined Group's operations in Egypt or Israel respectively are unclear, and the Combined Group cannot predict the effects of a further increase in these conflicts or any future armed conflict, political instability or violence in the region, including any effects such events could have on the Combined Group's ability to export gas, including in particular under the NEPCO Export Agreement or BOE Export Agreement.

In the event that the Combined Group's facilities in Israel and Egypt are damaged as a result of hostile action or if hostilities otherwise disrupt the ongoing operation of such facilities or the transmission lines on which the Combined Group depends to transport natural gas, or any significant portion of the facilities of the Combined Group's customers or the Israeli or Egyptian national or regional distribution networks are damaged such that its customers' ability to use or distribute gas they purchase under the Offtake Agreements is disrupted, the Combined Group's revenues could be materially adversely affected. The NewMed Group and Capricorn Group do not believe that the political and security situation has had any material impact on their projects to date. In the last five years conflicts in the region have not had a significant impact on Egypt or Israel's economy in general and on its business in particular. However, the Combined Group can give no assurance that security and political conditions will have no such effect in the future. Any armed conflict, political instability or continued violence in the region, or the interruption or curtailment of trade between Israel or Egypt and their present trading partners may have a negative effect on their economies and the Combined Group's projects and adversely affect the Combined Group's revenues.

Jordan has also experienced social and economic difficulties in recent years, in part due to the influx of approximately 1.3 million refugees from Syria according to the Jordanian Ministry of Interior Statistics. The unemployment rate in Jordan reached a record high in 2021 of 25 per cent., according to the Jordanian Department of Statistics (and more than 40 per cent. for young people). This rate declined to 22.6 per cent. in the second quarter of 2022. Immigration from neighbouring countries has led to increased unemployment and downward pressure on wages, and the Syrian refugee crisis has exacerbated difficulties in the Jordanian labour market.

For the year ended 31 December 2021, on a pro forma basis, the Combined Group's revenues from gas exports to Egypt and Jordan (net of royalties) were approximately 31.4 per cent. and 27.8 per cent., respectively, of the Combined Group's total revenues for that period assuming the completion of the Combination on 1 January 2021.

As Egypt and Jordan are expected to continue to be major export markets for the Combined Group's gas production from the Leviathan Field and Egypt is the sole market for production of gas from the Western Desert (and as Egypt is expected to be a potential market for the Aphrodite Project), continued social unrest or economic depression could negatively affect the demand for the Combined Group's gas production in those countries, which in turn could adversely affect the Combined Group's business, results of operations, financial condition or prospects.

In July 1974, the Turkish armed forces invaded Cyprus and occupied approximately a third of the territory of the Republic of Cyprus, which remains occupied to this date. Turkey continues to retain a large armed force in the occupied areas. Negotiations for a solution have taken place intermittently since 1975 under the auspices of the United Nations. The ceasefire line from August 1974 became the United Nations Buffer Zone in Cyprus, commonly referred to as the "Green Line". The UN Security Council passed resolutions and two high-level agreements between the leaders of the two communities of Cyprus in 1977 and 1979 to attempt to resolve this issue. In 1983, the "Turkish Republic of Northern Cyprus" unilaterally declared independence, although Turkey is the only country to recognise it and the international community considers the territory to be the occupied territory of the Republic of Cyprus.

There can be no certainty that relations between Turkey and the Republic of Cyprus will not deteriorate, which could lead to political instability or even military conflict. Were such developments to occur, they would be likely to have an adverse impact on the financial condition and prospects of the Aphrodite Project and potentially on the export of Israeli gas through the government-led initiative for an Eastern Mediterranean pipeline project to Europe. In recent years, Turkey has exerted its self-claimed entitlement to significant tracts of the eastern Mediterranean Sea, including zones that are considered to be within the exclusive economic zones ("EEZs") of Egypt and Cyprus (among other countries). Turkey's claims include the drilling of wells and conducting of various surveys in disputed waters. Turkey's actions could result in regional instability or even military conflict in the Eastern Mediterranean, which may, directly or indirectly, affect the Combined Group's operations and could result in physical damage to the Combined Group's facilities in Israel, Cyprus or Egypt, or the interruption or curtailment of trade between Israel, Cyprus or Egypt and their present trading partners.

Additionally, the Combined Group may commence operations in Mauritania, which has a relatively complex security landscape. Although instability and terrorism are considered high risk, this has been mostly applicable to areas outside the capital Nouakchott. Protests and demonstrations are common in Mauritania, and have been known to become violent. In addition to civil violence surrounding domestic political issues, Mauritanian civil society is susceptible to unrest over pan-Islamic issues. Mexico has a challenging operating environment, with significant asset and personal security risks.

As a result of these conflicts, political, economic and military conditions in Israel, Egypt or any of the jurisdictions in which the Capricorn Group, the NewMed Group and following Completion, the Combined Group may directly affect the Combined Group's operations and could result in physical damage to the Combined Group's facilities, production stoppages, or the interruption or curtailment of trade between Israel and its present trading partners.

The NewMed Group has purchased country risk mitigation solutions for various foreign exposures. The average S&P rating for the entities providing these solutions is AA- to A+. These mitigation solutions cover approximately US\$600 million of the NewMed Group's interest against discriminatory actions made by a foreign government or foreign central banks which fundamentally impacts its ability to perform. These solutions are in place for at least a further three years from 2022 and have the ability to be extended with the providers' agreement at the request of the Combined Group. However, these solutions do not cover all of the risks related to foreign exposures to which the Combined Group is exposed.

Any of the foregoing risks, if they were to materialise, could adversely affect the Combined Group's business, results of operations, financial condition or prospects.

2. Estimated levels of gas and oil reserves and contingent resources, their quality and production volumes contained in this document are subject to various uncertainties and may be lower than estimated or expected.

All reserve and resource estimates incorporate uncertainty inherent to subsurface evaluations, and ultimately the likelihood of actual quantities recovered will be greater or less than those estimated as at the date the estimate is made. The uncertainty depends chiefly on the amount of reliable geologic and engineering data or knowhow available at the time of the estimate and the interpretation of this data. Estimates will generally be revised only as additional geologic or engineering data becomes available or as economic conditions change. The reserves and contingent or prospective resources data set forth in the Resources Consultant's Reports, attached hereto in Part XIV (*Resources Consultant's Reports on the NewMed Group*) and in Part V (*Information on the Capricorn Group*), only represents estimates and should not be construed to represent exact quantities.

Estimating the economically recoverable oil reserves and contingent or prospective resources of gas and oil is a subjective process and estimates made by different experts often vary significantly. In addition, results of drilling, testing, surveying and producing subsequent to the date of an estimate may result in adjustments to such estimate. The accuracy of any estimate of reserves or contingent or prospective resources of gas and oil is also a function of the quality of available data, engineering and geological interpretation, costs to develop and market prices for related products. Such estimates are based on a number of factors and assumptions made as at the date on which the reserves estimates were determined, such as geological and engineering estimates (which have inherent uncertainties), historical production from the assets, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. As the energy transition intensifies, the Combined Group may be forced to incur write-offs on the value of its assets if long-term price assumptions for the price of oil decline.

Underground accumulations of hydrocarbons cannot be measured in an exact manner and estimates thereof are a subjective process aimed at understanding the statistical probabilities of recovery. Estimates of the quantity of economically recoverable gas and oil reserves, rates of production, net present value of future cash flows ("**NPV-10 of 2P Reserves**") and the timing of development expenditures depend upon several variables and assumptions, including the following:

- production history compared with production from other comparable producing areas;
- quality and quantity of available data;

- interpretation of the available geological and geophysical data;
- effects of regulations adopted by governmental agencies;
- future percentages of international sales;
- future gas and oil prices;
- effectiveness of the applied technologies and equipment;
- future operating costs, tax on the extraction of gas and oil reserves, development costs and workover and remedial costs; and
- the judgement of the persons preparing the estimate. As all reserve estimates are subjective, each of the following items may differ materially from those assumed in estimating reserves:
 - the qualities and quantities that are ultimately recovered;
 - the timing of the recovery of gas and oil reserves;
 - the production and operating costs incurred;
 - the amount and timing of additional exploration and future development expenditures; and
 - future hydrocarbon sales prices.

Many of the factors in respect of which assumptions are made when estimating reserves are beyond the Combined Group's control and therefore may prove to be incorrect over time. Evaluations of reserves necessarily involve multiple uncertainties and are dependent on the quality of the information available and the ability to verify such information against industry standards. In particular, if actual reserves in the Leviathan Field and the Egyptian Western Desert Portfolio are significantly less than the reserve estimates, the Combined Group may not be able to deliver the required volumes under the Offtake Agreements, which could result in a breach of such agreements. In addition, reserve estimates for the Leviathan Field and Egyptian Western Desert Portfolio are used to determine the rate of depreciation of the Leviathan Interest and Egyptian Western Desert Portfolio, respectively, in the NewMed Group financial statements and Capricorn Group financial statements, respectively. If actual reserves are significantly lower than the reserve estimates, the NewMed Group or Capricorn Group could be required to restate its financial statements, which could adversely affect the Combined Group's results of operations and financial condition. Actual production, revenue and expenditures with respect to reserves and resources may vary from estimates, and the differences may be material, which could adversely affect the Combined Group's business, results of operations, financial condition or prospects.

The uncertainties in relation to the estimation of reserves set out above also exist with respect to the estimation of contingent resources. The probability that contingent resources will become commercial is considered lower than for reserves. Volumes and values associated with contingent resources should be considered uncertain. If the assumptions upon which the estimates of the Combined Group's gas and oil reserves and contingent resources have been based prove to be incorrect or if the actual reserves or contingent resources available are otherwise less than the current estimates or of lesser quality than expected, the Combined Group may be unable to recover or produce less or lower quality gas and oil, and this may materially and adversely affect the Combined Group's business, financial condition, results of operations, cash flows or prospects.

Accordingly, the commercial reserves and contingent resources information set out and referred to in this document reflect a current view that may subsequently change as more field data becomes available, and may not be comparable to similar information reported by other companies.

Nothing in the foregoing paragraphs should be construed as a limitation or qualification of the Resources Consultant's responsibility for the contents of the Resources Consultant's Reports or the statements made by the Combined Company in this document pursuant to item 1.4 of Annex 1 of the Prospectus Delegated Regulation.

3. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group operate in a highly competitive industry.

The gas and oil industry is highly competitive. Competition in Capricorn's and NewMed's, and following Completion, the Combined Group's markets can be intense, depending on, among other things, the number of competitors in the market, their financial resources, their degree of geological, geophysical, engineering and management expertise, their degree of vertical integration, and pricing policies, their ability to develop assets on time and on budget, their ability to select, acquire and develop reserves and their ability to foster and maintain relationships with host governments of the countries in which they have assets. Capricorn's and NewMed's, and following Completion, the Combined Group's competitors include entities which may have greater technical, physical and financial resources. When looking at acquisition opportunities, the Combined Group expects to compete frequently with major national and state-owned enterprises, which typically possess significant financial resources and are able to offer attractive and favourable prices to sellers.

The key areas in respect of which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group, face competition (which can vary significantly based on market and region) are: (i) acquisition of exploration and production licences, or interests in such licences; (ii) securing off-takers of production; (iii) engagement of third-party service providers whose capacity to provide key services may be limited; (iv) purchase, leasing, hiring, chartering or other procuring of equipment that may be scarce; (v) employment of qualified and experienced skilled management and gas and oil professionals; (vi) ability to dispose of assets at reasonable prices; and (vii) access to debt and equity capital.

The effects of operating in a competitive industry may include higher than anticipated prices for the acquisition of licences or assets, licensing terms providing for increased obligations, the hiring by competitors of key management, restrictions on the availability of equipment or services, or increases in the cost thereof. If the Capricorn Group, the NewMed Group and, following Completion, the Combined Group, are unsuccessful in competing against other companies in their industry, their business, financial condition, results of operations, cash flows or prospects could be materially adversely affected.

4. The operation of gas and oil projects, particularly deep-water operations, is subject to numerous operational and other risks inherent in natural gas exploration, development and production.

The exploration, development, production and abandonment of oil and natural gas assets are subject to certain risks including certain risks including premature decline of reservoirs, invasion of water into producing formation, low permeability of reservoirs, unusual or unexpected rock formations and abnormal geological pressures, geological uncertainties, equipment damage or failure, severe adverse weather or tidal conditions, shortages of skilled labour or suppliers, access to utilities such as water, sabotage of gas and oil pipelines. Additionally, the exploration, development, production and abandonment of oil and natural gas assets are extremely complicated and require the construction of facilities that are technologically complex. This is particularly acute for operations in deep-water operations such as the Leviathan Project and the Aphrodite Project, if developed. In addition, the continued development and production of natural gas from the Leviathan Field, operations at the Western Desert Project and the development of the Aphrodite Field involve many risks including, without limitation:

- uncontrolled discharge of liquids and gas from wells;
- fires, blowouts, well cratering, explosions and collapse of wells;

- hydrate formation, flow assurance, breakdowns or failures of equipment or processes;
- malfunctions, accidents and other events that could impair the performance of the production and delivery systems;
- performance falling below expected levels of output or efficiency;
- contractor or operator error;
- labour disputes or disruptions;
- personal injuries, health impairment or fatalities;
- changes in the applicable regulatory framework, including delays in obtaining or inability to obtain permits, approvals or licences;
- violation of permit requirements;
- shortages of labour, equipment or spare parts;
- delays in transporting equipment or spare parts;
- pollution and other environmental risks;
- security breaches, cyber-attacks or terrorist acts; and
- natural disasters.

The occurrence of any of these events could significantly reduce or eliminate the production or delivery of natural gas or the quality of natural gas produced, which could lead to fines due to failure to deliver the offtake quantities or termination of the Offtake Agreements and any future offtake arrangements or result in claims thereunder, which in turn could adversely affect the Combined Group's revenues or costs and accordingly the Combined Group's business, results of operations, financial condition or prospects.

The abovementioned risks could cause substantial damage to the Combined Group's property and the surrounding environment, personal injury, biodiversity loss or habitat destruction, injury to persons and loss of life, failure to produce oil in commercial quantities, additional capital expenditure costs or an inability to fully produce discovered reserves, significant delays to drilling programmes, a partial or total shutdown of operations, significant damage to the Combined Group's, equipment and equipment owned by third parties and personal injury or wrongful death claims being brought against the Combined Group, significant civil liability claims, fines or penalties as well as criminal sanctions potentially being enforced against the Combined Group. Any of the above consequences could materially and adversely affect the Combined Group's business, financial condition, results of operations, cash flows or prospects.

In addition, rough seas and severe weather conditions may materially adversely affect the ability to comply with schedules set out in the relevant work programmes for the Leviathan Project and the Aphrodite Project. Deepwater operations are subject to a variety of operating risks specific to the marine environment, such as capsizing, collisions and damage or loss from adverse weather and sea conditions. These conditions can cause substantial damage to facilities and interrupt operations or delay development and exploration activities. Extreme sea conditions and unusual weather conditions may cause damage to the production and transmission system and exploration equipment, as well as delays in planned and unplanned work carried out in the Combined Group's projects. Any such delays may increase projected costs and result in non-compliance with committed delivery timetables, which could adversely affect the Combined Group's business, results of operations, financial condition or prospects.

5. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group are exposed to the risk of adverse sovereign action by governments in the countries in which they do business.

The gas and oil industry is central to the economies and future prospects for development in a number of the countries in which the Capricorn Group and the NewMed Group currently have assets and therefore the industry is likely to be the focus of continuing governmental attention and public debate.

Typically, in the countries in which the Capricorn Group and the NewMed Group do business, whether in developed or emerging economies, the state generally retains ownership of the minerals throughout the extraction process and consequently retains control of (and in many cases, participates in) the exploration and production of hydrocarbon reserves, with Capricorn and NewMed's interest often being an economic entitlement to a proportion of production. As a result, exploration and development activities may require protracted negotiations with host governments and national oil companies. While the Capricorn Group and the NewMed Group seek to establish and maintain strong relationships with governments, there can be no guarantee that such relationships will continue to remain strong (whether as a result of changes in government or otherwise). In addition, major policy shifts or increased security arrangements could, to varying degrees, have an adverse effect on the value of Capricorn and NewMed's investments. All of these factors could materially and adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, financial condition, results of operations, cash flows or prospects.

Changes to the legislative environment, particularly sudden or unexpected changes, may materially adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, financial condition, results of operations, cash flows or prospects.

In certain developing countries, gas and oil companies may face the risk of expropriation or nationalisation, breaches or abrogations from licence and project agreements, denials of permits and approvals, increases in royalty rates and taxes (and/or the imposition of new royalties rates and taxes), the application of exchange or capital controls, the setting of specific levels of production or prices and other risks.

The Capricorn Group's and the NewMed Group's operations may be more likely to be materially affected by host governments' economic and other entitlements to a greater extent than would be the case if their operations were largely in countries where mineral resources are not predominantly state owned. In addition, transfers of interests typically require government approval, which may delay or otherwise impede such transfers, and the government may impose obligations on the Capricorn Group or the NewMed Group to, for example, agree to certain tax treatments or complete minimum work within specified timeframes either generally or as a condition to approving such transfers. Any of the foregoing could materially and adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, financial condition, results of operations, cash flows or prospects.

In addition, NewMed, together with other parties, recently entered into an agreement for the receipt of an exploration licence in the "Boujdour Atlantique" area offshore Morocco, the grant of which remains subject to the satisfaction of certain conditions. The "Boujdour Atlantique" area is a disputed location offshore Western Sahara, which the Government of Morocco claims and administers and whose sovereignty is subject to challenge. The disputed nature of sovereignty over the area may affect NewMed's and, following Completion, the Combined Group's license, its operations, any further regulatory approvals and/or strategy in respect of the area.

6. Uncertainties in the interpretation and application of laws and regulations in certain of the jurisdictions in which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group do business may affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's ability to comply with such laws and regulations.

The courts in certain of the jurisdictions in which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group have assets may offer less certainty as to the judicial

outcome or a more protracted judicial process than is the case in more established economies. In some of the countries in which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group do business, businesses can become involved in lengthy court cases or administrative proceedings and the ambiguous drafting of laws or the absence of an gas and oil industry regulatory framework can contribute to excessive delays in the legal or administrative process for resolving issues or can complicate such disputes. Accordingly, the Capricorn Group, the NewMed Group and, following Completion, the Combined Group could face risks such as: (i) effective legal redress in the courts of such jurisdictions being more difficult to obtain, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities and therefore less certainty including with respect to long-term planning; (iii) a lack of judicial and/or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies and/or conflicts between and within various laws, regulations, decrees, orders and resolutions; and (v) relative inexperience of the judiciary, courts and regulatory authorities with gas and oil industry matters.

Enforcement of laws in certain of the jurisdictions in which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group do business may depend on and be subject to the interpretation of such laws by relevant local authorities. Any such authorities may adopt an interpretation which differs from the advice received from local lawyers or even previously by the relevant local authority itself, or such bodies may exercise discretion in an inconsistent or arbitrary manner, which could result in ambiguities, inconsistencies and anomalies in enforcement of laws which could hinder the ability to make or implement long-term plans.

In addition, a dispute may be subject to the exclusive jurisdiction of local courts or local arbitration tribunals or the Capricorn Group, the NewMed Group and, following Completion, the Combined Group may not be successful in subjecting foreign persons, especially foreign oil ministries and national oil companies, to the jurisdiction of courts or arbitration tribunals in New York, England and Wales or other similar jurisdictions. It may also be difficult to enforce any judgement or order from such court or award from such tribunal against such individuals or entities. Often there is limited relevant case law providing guidance on how courts or arbitration tribunals interpret these laws and how they may apply to the Capricorn Group's and the NewMed Group's contracts, joint ventures, permits, licences, licence and permit applications or other arrangements. Further, taking action or enforcing judgements or orders against a host government or national oil company may lead to operational obstacles when seeking regulatory approvals and may adversely impact the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's reputation in the relevant country or region.

As a result, there can be no assurance that contracts, joint ventures, permits, licences, licence and permit applications or other legal or fiscal arrangements will not be adversely affected by the actions of government authorities and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured. In certain jurisdictions, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be uncertain and susceptible to revision or cancellation, and legal redress may be uncertain or delayed. There can be no assurance that the acts of present or future governments in the countries or regions where the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's operations are (or will be) located, or the acts of governments of other countries that are relevant for such current or future operations, will not materially adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, financial condition, results of operations, cash flows or prospects.

7. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group may be adversely affected by changes to tax legislation or its interpretation or increases in effective tax rates in the jurisdictions in which they do business.

The Capricorn Group, the NewMed Group and, following Completion, the Combined Group do business in multiple jurisdictions and their profits are taxed according to the tax laws of such jurisdictions. The effective tax rate of the Capricorn Group, the NewMed Group and, following Completion, the Combined Group may be affected by changes in tax rates (including the partnership tax rate, the corporate tax rate, VAT and CGT rates), tax laws or interpretations of tax laws in any jurisdiction and in any financial year will reflect a variety of factors that may not be present in

succeeding financial years. During periods of high profitability in the gas and oil industry, there are sometimes calls for increased or windfall profit taxes on gas and oil revenue. Taxes have increased or been imposed in the past and may increase or be imposed again in the future. Governments may act to change their fiscal and regulatory frameworks in response to public pressure on finances, including on a retroactive basis, resulting in increased amounts payable in taxes to them or their agencies. As a result, the effective tax rate applicable to the Capricorn Group, the NewMed Group and, following Completion, the Combined Group may increase in future periods, which could have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's financial results and, specifically, net income, cash flow and earnings may decrease. See also Section B, paragraph 20 of the section of this document entitled "Risk Factors".

For example, the Autumn Statement delivered by the UK Government on 17 November 2022 announced that the main rate of corporation tax in the UK will increase from 19 per cent. to 25 per cent. with effect from April 2023. Additionally, on 20 July 2022 the UK Government published draft legislation in line with the Organisation for Economic Co-operation and Development Inclusive Framework on the reform of the global tax system, which is designed to help ensure multinational enterprises operating within the UK pay a global minimum level of tax. Under the proposed legislation, which is expected to apply to accounting periods beginning on or after 31 December 2023, multinational corporate bodies with annual global revenues exceeding EUR 750 million in two of the previous four accounting years will be subject to additional reporting requirements and, subject to the proposals, a top-up tax. The top-up tax will be charged where a subsidiary is located in a non-UK jurisdiction, and the group's profits in that jurisdiction are taxed below 15 per cent. The purpose of the draft legislation is to implement parts of the Organisation for Economic Co-operation and Development Model Rules for Pillar Two, which seek to establish a 15 per cent. global minimum tax rate. While the relevant legislation is still in draft form and so potentially subject to further changes, the effective tax rate applicable to the Capricorn Group, and, following Completion, the Combined Group could consequentially increase from the currently applicable rates, which could have a material adverse effect on the Capricorn Group's, and, following Completion, the Combined Group's financial results.

Tax regimes in certain jurisdictions can be subject to differing interpretations (particularly in light of the Israeli Tax Ruling and the contractual provisions which Capricorn, NewMed and their joint venture partners may have agreed with host governments) and tax rules in any jurisdiction are subject to legislative change and changes in administrative and regulatory interpretation. The interpretation by Capricorn, NewMed and their relevant subsidiaries of applicable tax law as applied to their transactions and activities may not coincide with that of the relevant tax authorities. As a result, transactions may be challenged by tax authorities (whether upon disclosure of such transactions or at a later date) and the Capricorn Group's or the NewMed Group's profits from activities in those jurisdictions may be subject to additional tax or unexpected additional transactional taxes (for example, stamp duty, levy, VAT, CGT or withholding tax may arise), which, in each case, could result in significant legal proceedings and additional taxes, penalties and interest, any of which could have a material adverse impact on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, financial condition, results of operations, cash flows or prospects.

8. Certain countries in which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group do business suffer from high levels of crime, including financial crime, and may be subject to sanctions and governmental or business corruption.

Certain of the jurisdictions in which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group do business, including those in North Africa and the Middle East, have from time to time experienced high levels of criminal activity (including fraud) and governmental (public) and business (commercial) bribery and corruption. Gas and oil companies operating in locations such as North Africa and the Middle East may be the targets of criminal, corruption or terrorist actions. Criminal, corruption or terrorist action against the Capricorn Group, the NewMed Group and, following Completion, the Combined Group and their respective assets or facilities could materially adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, financial condition, results of operations, cash flows or prospects. In addition, in certain jurisdictions, the fear of criminal, corruption or terrorist actions could have a negative impact on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's ability

to adequately hire staff and manage their operations (and could substantially increase the costs of doing so) which could have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, financial condition, results of operations, cash flows or prospects.

The Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's international operations may be subject to anti-corruption laws and regulations such as the US Foreign Corrupt Practices Act of 1977, the United Kingdom Bribery Act of 2010 and the local anti-corruption laws of any jurisdiction applicable to the Capricorn Group, the NewMed Group and, following Completion, the Combined Group. Furthermore, the Capricorn Group's and the NewMed Group's operations may be affected by sanctions and economic restrictions imposed by the United Kingdom Office of Financial Sanctions Implementation, the United States Office of Foreign Assets Control, the EU, the United Nations, the World Bank, or other law enforcement agencies or sanctions authorities. Such sanctions or economic restrictions may affect their joint venture partners, host country governments or the oil sector of a host country government, suppliers and other stakeholders. For example, the conflict in Ukraine has resulted in a significant expansion in sanctions imposed by the United States, the United Kingdom and the EU, in particular, against Russia, the Russian financial sector and certain Russian individuals, and further sanctions (the scope and extent of which are currently unclear) may be imposed.

While Capricorn and NewMed review laws and regulations to determine if they are applicable to themselves, their employees, consultants, agents and third parties engaged to perform services, there can be no guarantee that a court or other enforcement authority will reach the same determination as Capricorn and NewMed. If the NewMed Group, the Capricorn Group or, following Completion, the Combined Group are found to be subject to any laws or regulations which they had considered were not applicable, the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's policies, procedures and actions may be in breach of such laws or regulations and the Capricorn Group, the NewMed Group and, following Completion, the Combined Group may be subject to censure, prosecution, fine or other negative consequences. While Capricorn and NewMed have what they believe to be appropriate internal policies and procedures, as well as contractual arrangements in place (where appropriate) with their agents and joint venture partners which seek to prevent their agents or joint venture partners (as the case may be) from engaging in illegal or unethical activities, there can be no guarantee that their agents or joint venture partners (as the case may be) adhere to such contractual arrangements or policies and procedures and, if they do not, that NewMed or Capricorn will be made aware of any breaches or potential breaches in a timely manner or at all. However, the Capricorn Group, the NewMed Group and, following Completion, the Combined Group may, nonetheless, remain liable for the unauthorised actions of their agents or joint venture partners (as the case may be).

In addition, even where the Capricorn Group, the NewMed Group and, following Completion, the Combined Group have compliant anti-corruption and other business ethics policies and procedures and compliance with such policies and procedures is regularly monitored, there can be no assurance that such policies and procedures have been or will be followed at all times or have or will effectively detect and prevent all violations of the applicable laws and every instance of fraud, bribery and corruption in every jurisdiction in which one or more of their employees, consultants, agents, joint venture partners, contractors or sub-contractors is located. As a result, the Capricorn Group, the NewMed Group and, following Completion, the Combined Group could be subject to penalties and reputational damage and material adverse effects on the business, financial condition, results of operations, cash flows or prospects of the Capricorn Group, the NewMed Group and, following Completion, the Combined Group.

9. The hydrocarbon sector supply chain is capacity-constrained, which may affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's ability to source capital equipment from third party contractors in a timely manner and at a cost-effective price.

The Capricorn Group and the NewMed Group are and, following Completion, the Combined Group will be, as others in the oil and gas industry are, heavily dependent on supply chain providers to deliver services and products to time, cost and quality criteria. However, the supply chain in the hydrocarbon

sector has limited delivery capacity, which may result in potential adverse impact for the Capricorn Group, the NewMed Group and, following Completion, the Combined Group, including limited competition in the supply chain market (resulting in a reduced ability by the Capricorn Group, the NewMed Group and, following Completion, the Combined Group to control costs through competitive tendering) and failure by companies in the supply chain to deliver project-critical goods and services to the contractual schedule, cost and quality requirements or safety standards.

The Capricorn Group and the NewMed Group contract or lease and, following Completion, the Combined Group will contract or lease, services and capital equipment (including, for example, drilling rigs) from third party contractors and providers. Such services and equipment can be scarce and may not be delivered in a safe or ethical manner or be readily available at the timing and location required.

In addition, the costs of third party services and equipment may rise. In particular, any significant increase in regional exploration and development activities may result in scarcity of equipment and services and/or increased prices.

SECTION D: RISKS RELATING TO ENVIRONMENTAL, SOCIAL OR GOVERNANCE FACTORS

1. Climate change abatement legislation may have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's industry.

Companies in the energy industry may be challenged by an increase in international and domestic regulation relating to climate change, including those relating to restricting or reducing greenhouse gas emissions. Like any significant changes in the regulatory environment, greenhouse gas regulation could have the impact of curtailing profitability in the gas and oil sector or rendering the extraction of the Combined Group's resources economically infeasible. Although the IEA's World Energy Outlook scenarios anticipate gas and oil continuing to make up a significant portion of the global energy mix through 2040 and beyond given their respective advantages in transportation and power generation, if a new onset of regulation contributes to a decline in the demand for the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's products, this could have a material adverse effect on the Capricorn Group, the NewMed Group and, following Completion, the Combined Group and its financial condition. In addition, the complex and pervasive nature of climate change means that climate change risks are interconnected with and may impact or amplify the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's other principal risks.

International agreements and domestic legislation and regulatory measures, including carbon regulation, that aim to limit or reduce greenhouse gas emissions are currently in various stages of conceptualisation and implementation. For example, the Paris Agreement, which set a goal of limiting the increase in average global temperatures to well below 2 degrees Celsius (and preferably to 1.5 degrees Celsius) as compared to pre-industrial levels, entered into force in November 2016. A number of jurisdictions in which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group operate, or whose legislation and regulation they may otherwise be subject to, have ratified the Paris Agreement (including Israel, Egypt and Cyprus) and may adopt additional policies to meet their Paris Agreement goals. In June 2019, the UK became the first major economy in the world to pass legislation to implement a net zero target, through its amendment of the target set out in the Climate Change Act 2008. The Climate Change Act 2008 requires the UK government to set legally binding 'carbon budgets' which act as stepping stones towards the 2050 target. In December 2020, the Climate Change Committee, the government's independent advisor on climate change, published the Sixth Carbon Budget, setting out a recommended pathway requiring a 78 per cent. reduction in UK territorial emissions between 1990 and 2035. The Climate Change Committee has noted that, while many policy foundations are already in place, a significant strengthening of UK policies is required in order to achieve the net zero target. Primary Market Technical Note 801.1, which was released by the FCA in December 2020, requires premium-listed companies to make disclosures consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures, on a 'comply or explain' basis. Additionally, in December 2018, Israel joined the Powering Past Coal Alliance ("PPCA"), the purpose of which is to encourage the reduction and discontinuation of the use of coal. The parties to this initiative undertake to gradually reduce coal-fired power production and to

support clean energy in government and corporate policies. The countries and the organisations that joined PPCA support the reduction of coal use in OECD countries by 2030 and worldwide by 2050. The landscape continues to be in a state of constant re-assessment as to the implementation of, as well as legal challenge against corporate entities with respect to, these laws and regulations, making it difficult to predict with certainty the ultimate impact they will have on the Capricorn Group, the NewMed Group and, following Completion, the Combined Group in the aggregate.

Greenhouse gas emissions-related laws, carbon regulation and related regulations and the effects of operating in a potentially carbon-constrained environment may result in increased and substantial capital, compliance, operating and maintenance costs and could, among other things, reduce demand for or create increased price volatility around hydrocarbons and the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's hydrocarbon-based products, delay projects, make the Combined Group's products more expensive, adversely affect the economic feasibility of the Combined Group's resources, and adversely affect sales volumes, revenues and margins. "Green incentives" may also de-risk investments in new energy technologies by competitors, encourage product substitution as new forms of energy emerge, or affect final customer demand due to changes in consumer preferences. While the Combined Group plans to invest in the transition to a low carbon energy system and the diversification of its portfolio into new energies, it will remain exposed to traditional energy sources (including higher-emissions hydrocarbons such as oil). In addition, increasing attention to climate change risks has resulted in an increased possibility of governmental investigations and additional private litigation against the Capricorn Group, the NewMed Group and, following Completion, the Combined Group.

Consideration of greenhouse gas issues and the responses to those issues through international agreements and national legislation or regulations are integrated into the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's strategy and planning, capital investment reviews, and risk management tools and processes, where applicable. The actual level of expenditure required to comply with new or potential climate change-related laws and regulations and amount of additional investments in new or existing technology or facilities is difficult to predict with certainty and is expected to vary depending on the actual laws and regulations enacted, the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's activities in that jurisdiction and market conditions.

The ultimate effect of international agreements and national legislation and regulatory measures to limit greenhouse gas emissions on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's financial performance, and the timing of these effects, will depend on a number of factors. Such factors include, among others, the sectors covered, the greenhouse emissions reductions required, the extent to which the Combined Group would be entitled to receive emission allowance allocations or would need to purchase compliance instruments on the open market or through auctions, the price and availability of emission allowances and credits, and the extent to which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group is able to recover the costs incurred through the pricing of products in the competitive marketplace. Further, the ultimate impact of greenhouse gas emissions-related agreements, legislation and measures on the Combined Group's financial performance is highly uncertain because the Capricorn Group, the NewMed Group and, following Completion, the Combined Group is unable to predict with certainty the outcome of political decision-making processes and the variables and trade-offs that inevitably occur in connection with such processes.

2. The Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's and its operators' operations are subject to numerous and complex environmental, health and safety laws, regulations and other requirements which may result in material liabilities, costs and obligations.

The operations of Capricorn Group, the NewMed Group and, following Completion, the Combined Group (and the operators of assets in which they are invested) are subject to various pollution, environmental, health and safety risks such as leakage of oil, gas, petroleum, well fluids or other pollutants into the sea or ground, the discharge of pollutants and waste of various types into the sea or ground (sewage, remnants of drilling equipment, drilling fluids, cement and so forth), chemicals used in the various stages of work, the emission of pollutants into the air, explosions, fires, greenhouse gas

emissions, light and noise nuisances, and the construction of pipeline infrastructure on the seabed and related facilities. Many of the activities in the gas and oil industry are inherently hazardous. In particular, such activities are subject to risks associated with natural catastrophes, fires, explosions, human exposure to hazardous or regulated materials and wastes, blowouts and encountering formations with abnormal pressure and gas spills, each of which could cause substantial damage to the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's property and the surrounding environment, personal injury, biodiversity loss or habitat destruction and result in liability and reputational damage to the Capricorn Group, the NewMed Group and, following Completion, the Combined Group. The health, safety and environment policies of the Capricorn Group, the NewMed Group and, following Completion, the Combined Group and the operators of the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's assets require them to comply with all applicable legal and regulatory requirements and to generally apply best practices where legislation does not exist. Although the Capricorn Group and the NewMed Group consider the policies and procedures in place to mitigate their operational risks to be adequate, and keeps such policies and procedures under constant review, there can be no assurance that those policies and procedures will in fact prove to be adequate at all times. Failure, whether inadvertent or otherwise, to comply with applicable legal or regulatory requirements could result in significant liabilities, loss of life, injury, or other adverse impacts on the health or safety of employees, contractors, other third parties, or the environment.

In the year ended 31 December 2022, an independent study in respect of the physical risks of climate change on Capricorn's Egypt portfolio was conducted. Drought stress (prolonged periods of rain and water shortage) was identified as the most material risk for the Capricorn Group in the medium term (2040 to 2050), with 73 per cent. of the Capricorn Group's current assets considered to have very high exposure to drought stress risk. In 2 to 3 degree global warming scenario (being the estimated current trajectory) for the same timeframe, this is expected to have a medium value-at-risk impact range, which could impact cashflow by approximately US\$1-10 million and result in a US\$25-100 million loss in market capitalisation, with likelihood being forecast by climate models as 'probable'.

Environmental, health and safety laws, regulations and directives at the regional, national and international levels addressing the abovementioned risks, as well as physical climate risks, and the related issues and their interpretation and enforcement, change from time to time and may become more stringent in the future. In addition, the Capricorn Group, the NewMed Group and, following Completion, the Combined Group (and their operators) are required to obtain approvals for their activities from the competent entities specified under the laws of Egypt, the Petroleum Law and the Gas Law in Israel, and other relevant environmental, health and safety laws. The Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business is subject to substantial regulations and permit requirements. The principal approvals required in Egypt are from EGPC and the Egyptian Minister of Petroleum and Mineral Resources. The principal approvals required in Israel are those under the Petroleum Law and the Gas Law, approvals of the security authorities, the Ministry of Defence, the environmental authorities, the tax authorities and local authorities or zoning committees. Obtaining and maintaining the necessary approvals may entail additional expenses beyond the budgets designated for the aforesaid actions or cause delays in the performance of the planned actions. Under these and other laws and regulations, the Capricorn Group, the NewMed Group and, following Completion, the Combined Group could be liable for personal injuries, property damage and other types of damages. Failure to comply with these laws and regulations may also result in the suspension or termination of the relevant permits and could subject the Combined Group to administrative, civil and criminal penalties.

Failure to recognise and adequately address physical climate and environmental risks, current and future regulatory requirements for environmental policies, as well as delivery and performance of environmental strategy and targets of the Capricorn Group, the NewMed Group and, following Completion, the Combined Group could result in fines, missed opportunities, additional regulatory scrutiny that may adversely affect the reputation, business, results of operations, financial condition or prospects of the Capricorn Group, the NewMed Group and, following Completion, the Combined Group.

The Capricorn Group, the NewMed Group and, following Completion, the Combined Group currently incur, and expects to continue to incur in the future, substantial capital and operating costs in order to comply with health, safety and environmental laws and regulations. New laws and regulations, the imposition of tougher requirements for licences, increasingly strict enforcement or new interpretations

of existing laws, regulations and licences, or the discovery of previously unknown contamination, may require further expenditures to, among other things: (i) modify operations; (ii) install pollution control equipment; (iii) perform site clean-ups; (iv) curtail or cease certain operations; or (v) pay fees or fines or make other payments for pollution, discharges or other breaches of health, safety and environmental requirements. Non-compliance with the provisions of applicable health, safety and environmental regulations may expose the Capricorn Group, the NewMed Group and, following Completion, the Combined Group (and their operators) to various enforcement measures, which could include lawsuits, penalties and various sanctions, including criminal penalties, as well as to delays, suspensions and even the discontinuation of activities. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group may also be responsible for the acts of the operators of the Combined Group Assets or third-party contractors engaged by such operators. Recent years have seen an increase in the supervision and enforcement of health, safety and environmental regulation applicable to the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's operations. There can be no assurance that the costs of complying with current and future environmental, health and safety laws, regulations, permits and other requirements, and the liabilities resulting from any violations thereof, which may be substantial, will not have a material adverse effect on the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects.

3. The Combined Group may face significant risk and uncertainties as a consequence of increased scrutiny around, and changes in investment trends due to, ESG-related considerations.

In recent years, there has been a growing awareness among investors in the UK, Israel and around the world and among stakeholders of companies such as Capricorn and NewMed, such as investors, suppliers, consumers, employees and finance providers, of the climate and environmental impacts of various activities. As part of this trend, existing and potential investors, as well as other stakeholders, of Capricorn and NewMed are considering ESG aspects as part of their investment and business policies, including with regard to the provision of credit. Investors may elect in the future to shift some or all of their investments into other sectors. Increased public and private focus on ESG considerations, including climate change, may cause some investors to take steps to involve themselves in the governance and strategic direction of corporate entities, both in extractive industries (including the gas and oil industry) and support sectors. A similar trend is also emerging among regulators around the world, including in the UK and Israel. For example, there is an increased focus by securities regulators in various markets on corporate responsibility and ESG risk, strategy and impact disclosures. Recent regulatory changes in the UK, such as the introduction of a Listing Rules requirement for listed companies to include climate-related financial disclosures consistent with the recommendations of the TCFD in its annual financial report, or explain if it has not done so, may lead to increased information-gathering or auditing costs, invite increased commentary from the investor community or other stakeholders, or make the Capricorn Group and, following Completion, the Combined Group, less attractive to potential investors. In addition, bank supervisory executives are increasingly requiring that banks take adequate operative measures to identify, monitor and manage environmental risks. Institutional lenders which provide financing to hydrocarbons-intensive companies may be required, or may elect, not to provide funding to companies in such sectors or to make funding available on less competitive terms.

In addition, there may be increased stakeholder concern and stigmatisation of the broader hydrocarbons-intensive energy sector, especially if emissions reductions or energy transitions targets are not achieved by individual companies, the wider sector and/or countries as a whole, or if they do not meet community expectations. Stakeholders continue to have higher and evolving expectations of gas and oil companies in general with respect to social responsibility, climate change, the environment and cultural heritage, which may further increase scrutiny of gas and oil companies. Stakeholder groups are acting with greater levels of organisation, funding and sophistication. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group may be the target of activism from groups campaigning against fossil fuel extraction and other social and community groups opposed to its business for various reasons, which could affect its reputation and disrupt its projects, programmes and operations, result in limitations or restrictions on certain sources of funding (including investment from current or other potential investors as well as funding from commercial banks), dissuade contractors from working with it, increase its costs or divert management attention and resources, create blockades to interfere with operations or otherwise negatively impact the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects.

These trends may have significant impacts on the Capricorn Group, the NewMed Group and, following Completion, the Combined Group in various ways, including public opposition to operations in its gas and oil operations, diminishing the Combined Group's appeal to potential employees and/or directors, creating pressure from financing banks and investors to adapt its operations to the targets of the Paris Agreement or any implementing legislation or regulation, dissuading investors from investing in its business or persuading Capricorn Shareholders to sell their holdings, and difficulty in access to capital, including in debt raising, investments and financing of projects. These trends may adversely affect the business, results of operations, financial condition or prospects of the NewMed Group and, following Completion, the Combined Group, and may result, *inter alia*, in an impairment of the value of the Combined Group Assets and may also limit the Combined Group's ability in the future to obtain financing or increase the cost of such financing. This may, in turn, result in the restriction, delay or cancellation of new or expanded development or production activities which may impact the implementation of the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's strategic plans and have a material adverse effect on its business, results of operations, financial condition or prospects. Any of the factors described above may lead to a reduction in the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's share or unit prices.

4. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group depends on its ability to attract and retain skilled personnel.

The market for skilled employees in the gas and oil industry is very competitive, and there is a relatively limited pool of individuals with the appropriate skills in the region in which the Capricorn Group, the NewMed Group and, following Completion, the Combined Group operates. Retaining skilled personnel is fundamental to the successful growth of the Capricorn Group, the NewMed Group and, following Completion, the Combined Group's business. The Capricorn Group, the NewMed Group and, following Completion, the Combined Group require skilled personnel in the areas of exploration and development, operations, engineering, business development, gas and oil marketing, finance, legal and accounting relating to its projects. Given the competitive market, there can be no assurance that the Capricorn Group, the NewMed Group and, following Completion, the Combined Group will successfully attract new personnel or retain existing personnel required to continue to expand its business and to successfully execute and implement its business strategy. The costs of recruiting appropriately skilled personnel may materially and adversely affect the Capricorn Group's, the NewMed Group's and, following Completion, the Combined Group's business, results of operations, financial condition or prospects.

The Capricorn Group, the NewMed Group and, following Completion, the Combined Group's future operating results depend in significantly upon the continued contribution of their directors, key senior management and technical, exploration, financial and operations personnel. Management of the strategy and growth will require, among other things, stringent control of financial systems and operations, the ability to attract and retain sufficient numbers of qualified management and other personnel and the continued training of such personnel and the presence of adequate supervision.

There may also be some circumstances in which it may be considered appropriate to recruit local individuals or be required to do so in terms of the Capricorn Group, the NewMed Group and, following Completion, the Combined Group's "social licence to operate". There can be no guarantee that the Capricorn Group, the NewMed Group and, following Completion, the Combined Group can meet such aspirations or obligations and may be required to recruit expatriate staff to fulfil such vacancies. The continued highly competitive market and the continued use of expatriate staff may materially and adversely affect the Capricorn Group, the NewMed Group and, following Completion, the Combined Group's business, financial condition, results of operations, cash flows or prospects.

SECTION E: RISKS RELATING TO ADMISSION AND AN INVESTMENT IN NEW ORDINARY SHARES

1. Existing Capricorn Shareholders will hold, following Completion, reduced ownership and voting interests in the Combined Group compared to those that they currently hold in Capricorn.

Subject to Completion, Capricorn will issue 2.337344 New Ordinary Shares for each Participation Unit held by the NewMed Unitholders and the General Partner as at the Unitholder Record Date in

connection with the Combination (subject to adjustment in certain limited circumstances) and therefore, following Completion, Existing Capricorn Shareholders will own a much smaller percentage of the issued share capital of the Combined Company than they currently own in the issued share capital of Capricorn. As a result of the Combination and immediately following Completion, NewMed Unitholders are expected to own 89.7 per cent. of the Combined Company (and Capricorn Shareholders are expected to own 10.3 per cent. of the Combined Company) and, as a consequence, the percentage of voting rights that can be exercised by Existing Capricorn Shareholders (in the Combined Company, following Completion) will be significantly reduced from Completion.

2. The ability of Capricorn, and, following Completion, the Combined Company to pay dividends in the future, including to pay the Special Dividend immediately prior to Completion, will be dependent on the financial performance and capital requirements of the Capricorn Group and, following Completion, the Combined Group.

Capricorn and, following Completion, the Combined Company will only be able to pay dividends (including in the case of Capricorn the Special Dividend) to its shareholders to the extent that it has sufficient distributable reserves and cash available for this purpose. On 15 December 2022, Capricorn received shareholder approval for the reduction of capital of its entire share premium account to create additional distributable reserves (of approximately US\$495.1 million). The proposed cancellation of the Company's share premium account is conditional on confirmation by the Court of Session, Edinburgh and, if such confirmation is granted, the filing of the Court order with the Registrar of Companies.

However, Capricorn and, following Completion, the Combined Company may be unexpectedly required to or may decide to use all or part of its available cash for another purpose, for example, to invest in and further develop the Capricorn Group and, following Completion, the Combined Group's business. There is no guarantee that Capricorn or, following Completion, the Combined Company will be able to make dividend payments in the future (including, in the case of Capricorn, the Special Dividend, in the amount declared or at all), or to sustain dividend payments at any particular level.

Any future decision by Capricorn, or following Completion, the Combined Company, to declare and pay dividends will depend on, among other things, applicable law, regulation, Capricorn's and, following Completion, the Combined Company's financial position, working capital requirements, finance costs, general economic conditions and other factors the Directors deems significant from time to time. Capricorn's and, following Completion, the Combined Company's ability to pay dividends will also depend on the level of dividends and other distributions, if any, received from its subsidiaries. To the extent that Capricorn and, following Completion, the Combined Company or its subsidiaries experience an adverse effect on their results of operations, cash flows or financial condition, or such other relevant factor, the Directors may decide at their discretion to decrease the amount of dividends (including, in the case of Capricorn, to reduce or cancel the Special Dividend), change or revoke the dividend policy or discontinue paying dividends entirely. In addition, if the Combined Company does not meet, or reduces, the Combined Company's targeted dividend distribution rate, the market price of Ordinary Shares could decline.

3. Market reaction to or speculation regarding the Combination and likelihood of Completion, and sales of New Ordinary Shares following Completion, could increase the volatility of the market price of Existing Ordinary Shares prior to Completion, and the volatility of the market price of Ordinary Shares, including New Ordinary Shares, following Completion.

Speculation about the Combination could cause the market price of the Existing Ordinary Shares to decline or become more volatile and the market price of Ordinary Shares, including New Ordinary Shares, may decline or become more volatile as a result of the Combination. Certain Capricorn Shareholders may, in the event of any limitations on their permitted investments, sell some or all of their Ordinary Shares as a result of the Combination. Certain NewMed Unitholders may already hold Existing Ordinary Shares and those NewMed Unitholders may decide not to hold the additional New Ordinary Shares they receive in the Combination, or to sell their Existing Ordinary Shares prior to the Combination. Sales of Ordinary Shares, including as described above, could have the effect of depressing the market price of Ordinary Shares.

The market price of Ordinary Shares may also decline or become more volatile as a result of the Combination, if, among other reasons, (i) there is speculation about the Combined Group's business in the press, media or investment community; (ii) there are adverse public investor reactions or proxy advisor recommendations regarding the Combination (iii) the Combined Group does not achieve the expected benefits of the Combination as rapidly or to the extent anticipated by the Capricorn Group's equity market analysts or Capricorn Shareholders or at all; (iv) the integration of the NewMed Group's and the Capricorn Group's business is delayed or unsuccessful; (v) the impact of the Combination on the Combined Group's financial results is not consistent with NewMed Unitholders' or Capricorn Shareholders' expectations; and/or (vi) Capricorn Shareholders sell a significant number of Ordinary Shares in the open market following Completion.

4. Following Completion, future issues of shares or securities by Capricorn or sales of Ordinary Shares could lower the market price of Ordinary Shares and adversely affect the Combined Group's ability to raise capital in the future. Further share issues could also dilute the interests of holders of Ordinary Shares.

The Combined Group may seek to raise financing to fund future acquisitions and other growth opportunities and may, for these or other purposes, such as in connection with share incentive or share option plans, issue additional shares. Additionally, following the expiry of the 12-month lock-up period, pursuant to the Relationship Agreement, during which the Principal Shareholders may not, subject to certain exceptions, directly or indirectly dispose of their Ordinary Shares, the Principal Shareholders will be able to sell their respective Ordinary Shares (subject to certain exceptions detailed therein). During the period immediately prior to expiration of, and following the periods of sales restrictions provided for by this lock-up arrangement, the market price for the Ordinary Shares may fall in anticipation of a sale of Ordinary Shares.

Following Completion, the issue of additional shares or securities by Capricorn or the sale or transfer of Ordinary Shares or the possibility of such issue or sale may cause the market price of Ordinary Shares to fluctuate or decline or be lower than might otherwise be the case. In addition, any further issuance of shares or other securities convertible into equity could result in the dilution of the interests of the holders of Ordinary Shares, and any new shares or securities issued could have rights different from those attaching to Ordinary Shares.

5. The market price of the Ordinary Shares, including New Ordinary Shares, after Completion will continue to fluctuate and may be affected by factors different from those affecting the market price of the Existing Ordinary Shares prior to Completion.

At Completion, NewMed Unitholders will become holders of the New Ordinary Shares. The Capricorn Group's results of operations, as well as the market price of Ordinary Shares (including the New Ordinary Shares) may be affected by factors different from those affecting the NewMed Group's results of operations and the market price of the Participation Units. In addition, the market price of Ordinary Shares and the New Ordinary Shares may fluctuate significantly following Completion and the NewMed Unitholders could lose the value of their investment in the New Ordinary Shares.

The share prices of publicly traded companies can be highly volatile. The market price of Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding Ordinary Shares, including, in particular, in response to various facts and events, including any regulatory and tax changes affecting the Combined Group's operations litigation against the Combined Group that is commenced or threatened, variations in the Combined Group's operating results and financial position or business developments of the Combined Group, its competitors or the gas and oil sector, the operating and share price performance of other companies in the industries and markets in which the Combined Group operates, large sales or purchases of shares, the use of investment strategies in the investment community such as shorting, the publication of research analysts' reports regarding the Combined Group, its competitors or the gas and oil sector in which the Combined Group operates generally, and general economic conditions unrelated to the Combined Group's actual performance or conditions in its key markets. Stock markets have, in recent periods, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Combined Group's operating performance or prospects. Prospective investors should not rely on Capricorn's or NewMed's results to date as an indication of future performance. In

addition, the Combined Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. General fluctuations in stock markets could have a material adverse effect on the market for, or liquidity of, the shares of the Combined Company, regardless of the Combined Group's actual operating performance.

6. Overseas shareholders may be subject to exchange rate risk, including in relation to the Special Dividend.

The Ordinary Shares are denominated in pounds sterling. Any dividends to be paid in respect of them will be denominated in pounds sterling, including the Special Dividend. An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

In addition, Capricorn has declared that the Special Dividend will amount to US\$1.92 per share², to be paid to Capricorn Shareholders holding Ordinary Shares as at the Special Dividend Record Date. However, Capricorn Shareholders will receive the dividend in pounds sterling (as in the ordinary course) and the amount they receive will depend on the prevailing exchange rate, being the achieved USD:GBP market rate at the applicable time prior to payment of the Special Dividend. From the period between declaration of the amount of the Special Dividend (or, if later, the date on which a Capricorn Shareholder acquires Ordinary Shares) to the date of that foreign exchange, Capricorn Shareholders receiving the Special Dividend will therefore be exposed to the risk of appreciation in the US dollar against pounds sterling, which may adversely affect the amount of the dividend which such Capricorn Shareholder receives per Ordinary Share.

7. The listing of Ordinary Shares on the LSE and TASE may adversely affect the liquidity and trading prices for Ordinary Shares on one or both of the exchanges as a result of circumstances that may be outside of our control.

The Ordinary Shares will be listed on each of the LSE and TASE. Whilst it is the Ordinary Shares themselves which shall be listed on the TASE, on Completion, the New Ordinary Shares will settle on the TASE for NewMed Unitholders and the General Partner in the form of beneficial entitlements to the underlying New Ordinary Shares. The trading of Ordinary Shares therefore will be executed using different currencies (pounds sterling on the LSE and Israeli new shekel on the TASE), and at different times (resulting from different time zones, different trading days and different public holidays in the United Kingdom and Israel). The trading prices of Ordinary Shares on these two markets may differ as a result of these, or other, factors. Any decrease in the price of Ordinary Shares on either of these markets could cause a decrease in the trading prices of Ordinary Shares on the other market. For example, investors could seek to sell or buy Ordinary Shares to take advantage of any price differences between the two markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both Ordinary Share prices on both exchanges, and the volumes of Ordinary Shares available for trading on either exchange. In addition, transfers by investors of Ordinary Shares from trading on one exchange to the other could result in increases or decreases in liquidity and/or trading prices on either or both of the exchanges.

² This figure: (i) assumes an issued share capital of 315.1 million shares; (ii) takes into account the proposed related cash payment of approximately US\$15 million to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including, the executive directors) and a number of former employees; and (iii) assumes that there will be no adjustment based on the terms of the Business Combination Agreement and that Capricorn will have sufficient distributable reserves and cash available for this purpose at the time of payment.

IMPORTANT INFORMATION

1. General

No person has been authorised to give any information or make any representations other than those contained in this document or incorporated by reference herein and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, NewMed, the Directors, the Proposed Directors, Rothschild & Co, Goldman Sachs International or Morgan Stanley. None of the Company, NewMed, the Directors, the Proposed Directors, Rothschild & Co, Goldman Sachs International or Morgan Stanley takes any responsibility for, or can provide assurance as to the reliability of, other information that Capricorn Shareholders may be given. Subject to FSMA, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules and the Market Abuse Regulation, neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Capricorn Group or NewMed Group since the date of this document or that the information in this document is correct as at any time subsequent to its date. Without limitation, the contents of the Capricorn Group's, NewMed Group's and Delek Group's websites do not form part of this document.

The contents of this document are not to be construed as legal, business or tax advice. Each recipient of this document should consult his, her or its own legal, financial or tax adviser for advice in relation to any action in respect of the Ordinary Shares.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Capricorn Group, the NewMed Group, Capricorn, NewMed, the Directors, any of the Capricorn Group's or NewMed Group's advisers or any of their affiliates or representatives regarding the securities of Capricorn or NewMed.

2. Presentation of technical information

The reserves, resources and production profile data contained in this document are estimates only and should not be construed as representing exact quantities. They are based on production data, prices, costs, ownership, geophysical, geological and engineering data, and other information assembled by the NewMed Group and Capricorn Group. The estimates may prove to be incorrect and Capricorn Shareholders should not place undue reliance on the forward-looking statements contained in this document concerning the NewMed Group's and Capricorn Group's reserves and resources or production levels or those attributed to the NewMed Group and Capricorn Group.

3. Presentation of Financial Information Relating to the Capricorn Group

This document:

- contains in Sections A and B of Part XI (*Historical Financial Information Relating to the Capricorn Group*) the audited consolidated financial statements of the Capricorn Group as at and for the year ended 31 December 2021 (including unaudited comparative financial information as at and for the year ended 31 December 2020), each presented on a restated basis consistent with the accounting policies to be used in Capricorn's next annual accounts, and a related SIR 2000 report (the "**Capricorn Group Restated 2021 Financial Statements**");
- contains in Section C of Part XI (*Historical Financial Information Relating to the Capricorn Group*) the unaudited condensed consolidated financial statements of the Capricorn Group as at and for the six month period ended 30 June 2022 (including unaudited comparative financial information for the six month period ended 30 June 2021), each presented on a restated basis consistent with the accounting policies to be used in Capricorn's next annual accounts (the "**Capricorn Group Restated H1 2022 Financial Statements**"); and
- incorporates by reference the audited consolidated financial statements of the Capricorn Group as at and for the year ended 31 December 2019 (including unaudited comparative financial information as at and for the year ended 31 December 2018) and the audit report thereon (the "**Capricorn Group 2019 Financial Statements**");

- incorporates by reference the audited consolidated financial statements of the Capricorn Group as at and for the year ended 31 December 2020 (including unaudited comparative financial information as at and for the year ended 31 December 2019) and the audit report thereon (the **“Capricorn Group 2020 Financial Statements”**);
- incorporates by reference the audited consolidated financial statements of the Capricorn Group as at and for the year ended 31 December 2021 (including unaudited comparative financial information as at and for the year ended 31 December 2020) and the audit report thereon (the **“Capricorn Group 2021 Financial Statements”**, and, together with the Capricorn Group 2019 Financial Statements and the Capricorn Group 2020 Financial Statements, the **“Capricorn Group Annual Financial Statements”**);
- incorporates by reference the unaudited condensed consolidated financial statements of the Capricorn Group as at and for the six month period ended 30 June 2022 (including unaudited comparative financial information for the six month period ended 30 June 2021) (the **“Capricorn Group H1 2022 Financial Statements”**, and, together with the Capricorn Group Annual Financial Statements, the **“Capricorn Group Financial Statements”**); and
- incorporates by reference the consolidated financial statements for the Egypt Concessions as at and for the years ended 31 December 2018, 31 December 2019 and 31 December 2020 (the **“Capricorn Egypt Financial Statements”**) included in the class 1 circular published by Capricorn on 29 June 2021 (the **“Capricorn Egypt Circular”**).

The Capricorn Group Restated 2021 Financial Statements have been audited by PwC and have been prepared in accordance with the International Financial Reporting Standards as adopted in the UK (**“IFRS”**) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and have been prepared for purposes of this document in accordance with IFRS and utilising the accounting policies of NewMed. The form of each of the Capricorn Group Restated 2021 Financial Statements and the Capricorn Group Restated H1 2022 Financial Statements has been presented and prepared in a form consistent with the accounting standards framework that will be adopted in Capricorn’s next published annual financial statements, subject to Completion of the Combination. Accordingly, the Capricorn Group Restated 2021 Financial Statements and the Capricorn Group Restated H1 2022 Financial Statements presented in this document differ in certain respects from the consolidated financial statements of the Capricorn Group for the same periods released in the ordinary course (i.e. the Capricorn Group 2021 Financial Statements and the Capricorn Group H1 2022 Financial Statements), which were prepared in accordance with IFRS but utilised the Capricorn Group’s existing pre-Completion accounting policies.

On 28 February 2020, Capricorn’s sale of Capricorn Norge AS (**“Capricorn Norway”**) to Sval Energi AS completed. In December 2020, Capricorn disposed of its entire 40 per cent. working interest in its Senegal exploration and development assets. On 8 March 2021, Capricorn agreed to sell its interests in the UK Catcher and Kraken producing assets to Waldorf Production Limited, and following approval from joint operation partners and relevant authorities the sale completed on 2 November 2021. Therefore, the Capricorn Group Restated 2021 Financial Statements and the Capricorn Group Annual Financial Statements present the results attributable to these projects for all periods presented as discontinued operations. The Capricorn Group Restated H1 2022 Financial Statements present the results attributable to the UK Catcher and Kraken producing assets for all periods presented as discontinued operations.

The Capricorn Group Annual Financial Statements were prepared in accordance with the requirements of UK-adopted IAS (in the case of the Capricorn Group 2021 Financial Statements only) or EU-adopted IFRS (in the case of the Capricorn Group 2020 Financial Statements and the Capricorn Group 2019 Financial Statements only) and the Companies Act 2006. The Capricorn Group 2021 Financial Statements were prepared in accordance with the requirements of the Disclosure and Transparency Rules of the FCA and UK-adopted IAS 34. Unless otherwise stated, no other financial information presented in this document relating to the Capricorn Group has been audited.

The Capricorn Group’s financial year runs from 1 January to 31 December.

4. Non-IFRS financial measures used by the Capricorn Group

This document contains financial measures that are not defined or recognised under IFRS, including the Capricorn Group's adjusted EBITDAX, free cash flow and net cash. As the Capricorn Group's definition of these non-IFRS measures may differ from those used by other companies and industries, presentation of these measures may not be comparable to other similarly-titled measures used by other companies.

These measures are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. The Capricorn Group presents these non-IFRS measures because it believes that these measures and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of operating results as reported under IFRS. The non-IFRS measures are not a measurement of performance or liquidity under IFRS and should not be considered as an alternative to operating profit/(loss) or profit/(loss) for the year, capital expenditure or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities. These measures may not be permitted to appear on the face of the primary financial statements, or footnotes thereto, and in some cases, may not be permitted at all, in US filings made to the SEC in the United States.

In the context of the Capricorn Group:

"Adjusted EBITDAX" indicates Capricorn Group's total loss from continuing operations, plus income tax, the India tax refund, net finance costs, depletion, depreciation and amortisation, unsuccessful exploration costs, impairment and net general exploration expenses and gain on financial assets.

"Free cash flow" indicates Capricorn Group's net cash from operations, less capital expenditures, less the acquisition of oil and gas assets, plus proceeds from the sale of oil and gas assets and less borrowings and related paid off interest.

"Net cash" indicates Capricorn Group's cash and cash equivalents and trade and other receivables, less total debt, deposits, lease liabilities and trade and other payables.

5. Presentation of financial information relating to the NewMed Group

This document contains in Part XII (*Historical Financial Information Relating to the NewMed Group*) the audited consolidated historical financial information of NewMed as at and for the nine-month period ended 30 September 2022 (including unaudited comparative financial information for the period ended 30 September 2021) and for the three years ended 31 December 2021, 31 December 2020 and 31 December 2019 (the **"NewMed Financial Statements"**) and has been prepared in accordance with IFRS and the UK Prospectus Regulation. The basis of preparation is explained in more detail below and in Section A of Part XII (*Historical Financial Information Relating to the NewMed Group*) of this document.

The NewMed Financial Statements have been reported on by Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom.

The NewMed Financial Statements have been prepared specifically for this document. Accordingly, the NewMed Financial Statements differ in certain respects from the consolidated financial statements of NewMed as at and for the periods ended 31 December 2021, 31 December 2020 and 31 December 2019, which it released in the ordinary course.

In December 2021, the NewMed Group completed the sale of its interests in the Tamar Project. As a result, the NewMed Financial Statements present the results attributable to the Tamar Project for all periods presented as discontinued operations.

The NewMed Group's financial year runs from 1 January to 31 December.

Unless otherwise stated in this document, financial information in relation to the NewMed Group referred to in this document has been extracted without material adjustment from the historical financial information in Part XII (*Historical Financial Information Relating to the NewMed Group*) of this document or has been extracted from those of the NewMed Group's accounting records and its financial reporting and management systems that have been used to prepare that financial information. Capricorn Shareholders and prospective Capricorn investors should ensure that they read the whole of this document and do not only rely on the key information or information summarised within it.

6. Non-IFRS financial measures used by the NewMed Group

This document contains certain financial measures of the NewMed Group that are not defined or recognised under IFRS or any other internationally recognised generally accepted accounting principles, including NewMed Group's adjusted EBITDAX, free cash flow and net debt. This information has not been audited or reviewed by NewMed Group's auditors. NewMed believes these measures provide additional helpful information and are consistent with how business performance has historically been planned, reported and assessed by management and is intended in the future to be, planned, reported and assessed by management. However, these measures may not be comparable to other similarly titled measures as reported by other companies, as other companies may calculate these measures differently than the NewMed Group and these measures may not be permitted to appear on the face of the primary financial statements, or footnotes thereto, and in some cases, may not be permitted at all, in US filings made to the SEC in the United States. These performance measures have limitations as analytical tools, and none of these measures should be considered in isolation, or as a substitute for analysis of the IFRS financial information presented herein.

NewMed considers these measures a useful supplemental measure of NewMed Group's performance and calculates them based on continuing operations. See paragraph 4 of Part VIII (*Selected Financial Information for the NewMed Group*) for a reconciliation of EBITDAX, free cash flow and net debt. These performance measures are not a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

In the context of the NewMed Group:

"Adjusted EBITDAX" indicates NewMed Group's total profit/(loss) plus income tax, net finance costs, depletion, depreciation and amortisation and share of loss of an associate less gain on financial assets at fair value through profit or loss, based on continuing operations.

"Free cash flow" indicates NewMed Group's cash flows deriving from operating activities less capital expenditures plus proceeds from sale of oil and gas assets less borrowings and related paid off interest, based on continuing operations.

"Net debt" indicates NewMed Group's interest-bearing loans and borrowings less cash and cash equivalents less short and long-term deposits less trade and other receivables plus trade and other payables less exchange-traded funds, based on continuing operations.

7. Rounding

Percentages and certain financial, statistical and operating information included in this document have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may vary from the actual arithmetic totals of the figures that precede them. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers, and may not add up to 100 per cent.

8. Currencies

Unless otherwise indicated, all references in this document to “sterling”, “pounds sterling”, “GBP”, “£”, or “pence” are to the lawful currency of the United Kingdom. All references to “ILS” or “Israeli new shekel” are to the lawful currency of the State of Israel. All references to the “euro” or “€” are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended. All references to “US dollars” or “US\$” are to the lawful currency of the United States.

The average exchange rates of US dollar and ILS against pounds sterling, as at the Latest Practicable Date, are shown below. The rates below may differ from the actual rates used in the preparation of the financial statements and other financial information that appears elsewhere in this document. The inclusion of these exchange rates is for illustrative purposes only and does not mean that the pounds sterling actually represent such US dollar or ILS amounts or that such pounds sterling amounts could have been converted into US dollars or ILS at any particular rate, if at all.

The table below bears no relation to the amount in pounds sterling which Capricorn Shareholders will receive in payment of the Special Dividend. The amount which Capricorn Shareholders will receive in pounds sterling will be calculated by multiplying the declared dividend in US dollars by the achieved market currency exchange rate at the applicable time prior to payment of the Special Dividend. The table below is not intended to be, nor should it be construed as, a forecast or estimate of any future exchange rates of US dollar against pounds sterling, nor should it be interpreted to mean that such future exchange rates would necessarily match or be as advantageous as those in the table.

US Dollar and ILS Average Rate against Pounds Sterling

US Dollar against Pounds Sterling				
Year	Period End	Average	High	Low
2018	1.28	1.33	1.43	1.25
2019	1.33	1.28	1.33	1.2
2020	1.37	1.28	1.37	1.15
2021	1.35	1.38	1.42	1.32
2022	1.21	1.24	1.37	1.07
2023 (through 11 January 2023)	1.22	1.21	1.22	1.19

ILS against Pounds Sterling				
Year	Period End	Average	High	Low
2017	4.70	4.63	4.79	4.46
2018	4.77	4.80	5.06	4.63
2019	4.58	4.55	4.84	4.18
2020	4.39	4.41	4.62	4.18
2021	4.20	4.45	4.66	4.09
2022	4.25	4.14	4.41	3.76
2023 (through 11 January 2023)	4.18	4.22	4.25	4.18

Source: Bloomberg.

9. Market Data and Other Information

Unless the source is otherwise stated, the market, economic and industry data in this document constitutes the Directors' estimates, using underlying data from independent third parties. The market data and certain industry forecasts used in this document were obtained from internal surveys, reports and studies, where appropriate, as well as market research, third party consultants, publicly available information and industry publications, including the NewMed Energy 2021 Annual Report.

None of the Directors, Capricorn, NewMed, the Combined Company or any of their affiliates has independently verified any of the data from third-party sources, nor have any of them ascertained the

accuracy or reliability of the underlying economic assumptions relied upon therein. While the Directors are not aware of any material misstatements regarding the market data and other information presented herein, estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the sections of this document entitled “Risk Factors” and “Important Information”. None of the Directors, Capricorn, NewMed, the Combined Company or any of their affiliates nor any of their respective advisers can guarantee the accuracy or completeness of such information that forms part of this document.

The information in this document that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Directors are aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

This document includes certain statements regarding the characteristics of the Israeli, Jordanian and Egyptian energy markets as well as the NewMed Group’s respective competitive and market position. While the Directors believe these statements to be true, based on market data and industry statistics and other available information, the information has not been independently verified. There is no guarantee that a third party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the NewMed Group’s competitors may define their markets and their own relative positions in these markets differently than the NewMed Group does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the NewMed Group.

10. Forward-looking statements

This document incorporates by reference or contains certain statements that are, or may be deemed to be, “forward-looking statements”. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “prepares”, “anticipates”, “expects”, “intends”, “may”, “will”, “would”, “could”, “target” or “should” or, in each case, their negative or other variations or comparable terminology, but all statements other than statements of historical fact may be forward-looking statements. These forward-looking statements appear in a number of places throughout this document and the information incorporated by reference into this document and include statements regarding the intentions, beliefs or current expectations of the Directors, the Proposed Directors, Capricorn and/or NewMed (as the context requires) concerning, among other things, the operating results, financial condition, prospects, growth, leverage, strategies and dividend policy of the Capricorn Group or the Combined Group, and the industry in which they operate.

Investors should specifically consider the factors identified in this document, which could cause actual results to differ, before making an investment decision. Forward-looking statements are not guarantees of future performance, and such forward-looking statements involve known and unknown risks, risks that are not considered material as at the date of this document, uncertainties and other factors, which may cause the actual results, performance or achievements of the Capricorn Group, the Combined Group or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on beliefs, expectations and assumptions of the Directors, the Proposed Directors and other members of senior management regarding the Capricorn Group’s and the Combined Group’s present and future business strategies and the environment in which the Capricorn Group or the Combined Group will operate in the future, which includes current expectations, assumptions and estimates of future events and trends that may affect the Israeli, Egyptian and Jordanian natural gas and electricity markets. Although the Directors, the Proposed Directors and other members of senior management believe that these beliefs and assumptions are reasonable, by their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond the Capricorn Group’s or the Combined Group’s control. The Capricorn Group’s or the Combined Group’s actual operating results, financial condition, dividend policy and the development of the oil and gas industry may differ materially from the impression created by the forward-looking statements contained in this document and/or the information incorporated by reference into this document. In

addition, even if the operating results, financial condition and dividend policy of the Capricorn Group and the Combined Group and the development of the oil and gas industry are consistent with the forward-looking statements contained in this document and/or the information incorporated by reference into this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, general economic and business conditions, industry trends, competition, changes in governmental and other regulation, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, changes in political and economic stability and changes in business strategy or development plans and other risks. Such risks, uncertainties and other factors are set out more fully in the section of this document headed "Risk Factors".

Prospective investors should carefully review the section of this document headed "Risk Factors", Part IV (*Information on the Combined Group*), Part V (*Information on the Capricorn Group*), Part VI (*Information on the NewMed Group*), Part IX (*Operating and Financial Review Relating to the Capricorn Group*) and Part X (*Operating and Financial Review Relating to the NewMed Group*) for a more complete discussion of factors that could cause the Capricorn Group's and the Combined Group's actual results to differ materially from those expected before making an investment decision. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may not occur. For the avoidance of doubt, nothing in this document constitutes a qualification of the working capital statement contained in Part XVIII (*Additional Information*) of this document.

These forward-looking statements speak only as at the date of this document. Except as required by the FCA, the LSE or applicable law (including as may be required by the FCA's Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules and the Market Abuse Regulation), Capricorn and NewMed expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document, whether as a result of any change in events, conditions or circumstances or otherwise on which any such statement is based.

11. Profit forecasts

No statement in this document is intended or should be construed as a profit forecast or estimate and no statement in this document should be interpreted to mean that earnings per share for the most recent, current or future financial years would necessarily match or exceed the historical published earnings per share. As at the Latest Practicable Date, there are no outstanding profit forecasts or estimates.

12. Resources Consultant's Reports Relating to the NewMed Group

The information included in the NewMed RCRs described below should not be construed as: (a) a guarantee of the Leviathan Project, Leviathan Deep Project or the Aphrodite Project's future sales or value; (b) a guarantee of the Leviathan Project, Leviathan Deep Project or the Aphrodite Project's future performance; (c) a guarantee of the actual technical, environmental or economic aspects of the Leviathan Field, the Leviathan Project, Leviathan Deep, Leviathan Deep Project, the Aphrodite Field or the Aphrodite Project or of the future technical, environmental or economic aspects of the Leviathan Field, the Leviathan Project, Leviathan Deep, Leviathan Deep Project, the Aphrodite Field or the Aphrodite Project; (d) a guarantee of the actual quantities of natural gas in the Aphrodite Field, Leviathan Deep or the Leviathan Field; or (e) a guarantee of the Leviathan Project, Leviathan Deep Project or the Aphrodite Project's future performance or cash flows. The projections, estimates, judgements and forward-looking statements included in the reports prepared by the Resources Consultant may not be realised, including as they are subject to a number of factors and based on assumptions, including, among those described in the respective reports and others, certain of those described in the sections of this document entitled "Risk Factors" and "Important Information".

The Resources Consultant's Reports have been prepared in accordance with the guidelines set forth in the 2018 Petroleum Resources Management System ("PRMS") approved by the Society of Petroleum Engineers ("SPE") and in accordance with the recommendations of the FCA, as set out in Primary Market Technical Note 619.1 – the Guidelines on disclosure requirements under the Prospectus

Regulation and Guidance on specialist issuers published by the FCA, in accordance with internationally recognised standards, and in accordance with Regulation (EU) 2017/1129 as it forms part of retained EU law as defined in the European Union (Withdrawal) Act 2018 and the European Securities and Markets Authority's guidance thereunder. See paragraph 13 (*Reserve and Resource Data Reporting*) below. It has not been prepared in accordance with rules of any stock exchanges or any authorities responsible for the registration of securities of any jurisdiction, except as they fully conform to the PRMS guidelines.

Information in this document regarding the volume of natural gas available for extraction at the Leviathan Field and Aphrodite Field is derived from the Leviathan Resources Consultant's Report, the Leviathan Deep Resources Consultant's Report and the Aphrodite Resources Consultant's Report (together, the "**Resources Consultant's Reports**"), prepared by Netherland, Sewell & Associates, Inc. (the "**Resources Consultant**" or, including (where the context so requires) any relevant successor consultant). The Resources Consultant is an independent international consulting firm that provides engineering, geological and geophysical services to the oil and natural gas industry, which was hired and compensated by the Company to produce the Resources Consultant's Reports and consented to their inclusion in the form and context in which they are included in this document. Please refer to Part XIV (*Resources Consultant's Reports on the NewMed Group*). NewMed and Capricorn have agreed to indemnify the Resources Consultant in respect of certain matters.

13. Reserve and Resource Data Reporting

"Reserves" are defined by the 2018 PRMS as those quantities of petroleum anticipated to be commercially recoverable from known accumulations by application of development projects from a given date forward under defined conditions. Reserves must be discovered, recoverable, commercial and remaining as of the evaluation date based on the planned development projects to be applied. "**Proved**" reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; "**probable**" and "**possible**" reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves.

Proved reserves are denoted as "**1P**"; proved plus probable reserves are denoted as "**2P**"; and proved plus probable plus possible reserves are denoted as "**3P**".

"**Contingent resources**" are defined by the 2018 PRMS as those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development project(s) not currently considered to be commercial owing to one or more contingencies.

Contingent resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent resources are further categorised in accordance with the range of uncertainty associated with the estimates and should be sub-classified based on project maturity and/or economic status.

For contingent resources, the general cumulative terms low/best/high estimates are denoted as "**1C**", "**2C**" and "**3C**", respectively.

"**Prospective resources**" are those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. The prospective resources included in the Resources Consultant's Reports should not be construed as reserves or contingent resources; they represent exploration opportunities and quantify the development potential in the event a petroleum discovery is made.

Totals of unrisks prospective resources beyond the prospect level are not reflective of volumes that can be expected to be recovered and are therefore not shown. Because of the geologic risk associated with each prospect, meaningful totals beyond this level can be defined only by summing riskeds prospective resources. Such risk is often significant.

For prospective resources, the general cumulative terms low/best/high estimates are denoted as “1U”, “2U” and “3U”, respectively.

Readers should not place undue reliance on the forward-looking statements in the Resources Consultant's Reports or on the ability of the Resources Consultant to predict actual reserves or resources. Contingent resources relate to undeveloped wells or accumulations and may include non-commercial resources. Prospective resources relate to inferred, undiscovered and undeveloped mineral resources and accordingly by their nature are highly speculative. Prospective resources may not result in the successful discovery of economic resources, in which case there would be no commercial development.

The information on resources in this document and in the Resources Consultant's Reports is based on economic and other assumptions that may prove to be incorrect. The basis of preparation for the Resources Consultant's Reports is set out in more detail therein.

14. Discounted Cash Flow Data Relating to the NewMed Group

Discounted cash flow data in respect of the NewMed Group's 45.34 per cent. working interest in the Leviathan Field (the “**DCF Data**”) is included as attachments to the Leviathan Field Resources Consultant's Report. The DCF Data should be read together with the information contained in the sections of this document entitled “**Risk Factors**” and “**Important Information**” and Part X (*Operating and Financial Review Relating to the NewMed Group*) of this document.

The description of the DCF Data and the basis of compilation thereof (including the assumptions used therein) described below and elsewhere is qualified in its entirety by the information in the Leviathan Field Resources Consultant's Report, and you should carefully consider all the information about the basis of compilation (including the assumptions used) as described in such report when reviewing the DCF Data.

The DCF Data is primarily based on the estimates of the Resources Consultant with respect to the quantities of natural gas and condensate in the Leviathan Field which are classified as “on production” reserves. The DCF Data includes data (1) in respect of reserves analysed as proved reserves (1P), probable reserves, proved and probable (2P) reserves, possible reserves and proved, probable and possible (3P) reserves using base price case and (2) in respect of reserves analysed as proved reserves (1P), proved and probable (2P) reserves and proved, probable and possible (3P) reserves using a low and high price case (sensitivity data). The DCF Data is based on certain assumptions, some of which are summarised below.

The DCF Data is not a projection, forecast or prediction but rather illustrates hypothetical results that are mathematically derived from specified assumptions.

Reference to the DCF Data should not be regarded as a representation by Capricorn, NewMed, the Directors or any other person that the results provided in the DCF Data will be achieved.

Actual production levels, sales volumes, gas and condensate sales prices, operating costs (including, insurance costs, production well maintenance and estimated overhead and general and administration expenses of the Leviathan Operator), capital expenditure, abandonment costs, royalties, tax payments, levies, inflation rates and exchange rates may differ from those assumed for purposes of the DCF Data as a result of the many risks and uncertainties, including those described in the section of this document entitled “Risk Factors”. The DCF Data is highly sensitive, *inter alia*, to the following:

- changes in natural gas demand and supply in Israel, Jordan, Egypt and elsewhere;
- capacity and actual flow in Israeli domestic and regional pipelines;
- changes in electricity demand in Israel, Jordan, Egypt and elsewhere;
- fluctuations in the Brent Index or EA Tariff;
- variations in operating expenses;

- variations in capital expenditures;
- changes in the prices established in the Leviathan Offtake Agreements;
- significant changes in the regulatory environment;
- changes in royalty, levy and corporate income tax expense;
- changes in reserves estimates; and
- changes in field performance.

These and other assumptions used in preparing the DCF Data are inherently subject to significant uncertainties. Accordingly, actual performance and cash flows for any future period may differ significantly from those illustrated by the DCF Data.

The DCF Data has been prepared by the NewMed Group and vetted by the Resource Consultants. The DCF Data should not be construed as guarantees of (a) future sales or value, (b) the NewMed Group's future performance, (c) actual technical, environmental or economic aspects or the future technical, environmental or economic aspects of the Leviathan Field or Leviathan Project, (d) actual quantities of natural gas in the Leviathan Field or contingent resources of natural gas in the Leviathan Field, (e) outlook for the Israeli natural gas and electricity market or the energy markets of Jordan or Egypt or any other country, or (f) the NewMed Group's future performance or cash flows with respect to the Leviathan Interest. The DCF Data and certain other statements in the Leviathan Field Resources Consultant's Report are forward-looking statements (see paragraph 10 of the section of this document entitled "Important Information"). The Leviathan Field Resources Consultant's Report alone does not comprise all of the information that may be important to making an investment decision.

Readers are cautioned not to place undue reliance on the DCF Data and should make their own independent assessment of the NewMed Group's future results of operations, cash flows and financial condition.

The Takeover Panel has agreed to grant the Company a dispensation so that discounted cash flow data in respect of the Leviathan Field's contingent resources, which was published by NewMed in February 2022, does not have to be updated and included as part of the Leviathan Resources Consultant's Report (as would otherwise be required under the Takeover Code). As reflected in Appendix II to Primary Market Technical Note 619.1, FCA guidance on the recommended content of a Mining Competent Person's Report does not make provision for a valuation of contingent resources.

14.1 Summary of Certain Significant Assumptions Relevant to the DCF Data set out in the Leviathan Field Resources Consultant's Report.

The DCF Data was calculated based on a number of important assumptions, including those summarised below.

The DCF Data assumes projected production and sales in each of the Leviathan Project's years of operation based on the field's production capacity. The natural gas and condensate production and sales forecasts are based on a number of factors, including:

- Reserves (1P, 2P and 3P) are classified as volumes that can be produced from existing and sanctioned facilities;
- NewMed's assumptions regarding the natural gas quantities that shall be sold to customers of the NewMed Group under the Leviathan Offtake Agreements (including the BOE Export Agreement and the NEPCO Export Agreement), taking into account, *inter alia*, the forecasts which NewMed used with respect to the Brent price and its possible impact on the quantities that are sold to Egypt. See paragraph 5.8 of Part VI (*Information on the NewMed Group*) below for further information;

- additional quantities of natural gas which NewMed estimates will be sold in the Israeli market based, *inter alia*, on (a) signed Leviathan Offtake Agreements and (b) negotiations for the sale of natural gas from the Leviathan Project being conducted by NewMed and its partners in the Leviathan Project, and (c) a forecast of the demand for natural gas in the domestic market in Israel prepared for NewMed by an outside consultant and, (d) an estimate of the expected supply from other gas sources in the domestic market, such as Tamar, Karish, Karish North and Tanin fields;
- additional quantities of natural gas, which the NewMed Group estimates will be sold in regional markets, based *inter alia* on forecasts of the demand in such markets, which were mainly prepared by outside consultants;
- the natural gas price forecasts of the gas to be sold from the Leviathan Field are based on a number of factors, including the weighted average of the natural gas prices which are stated in the BOE Export Agreement, NEPCO Export Agreement, sales under domestic Leviathan Offtake Agreements to Israeli IPPs and industrial consumers, according to the various price formulas determined therein, including, among others, linkage to the EA Tariff, the USD:ILS exchange rate or the Brent Index, the delivery point determined in the agreements and according to the NewMed Group's assumptions regarding the prices that shall be determined in future agreements, based *inter alia* on the demand forecast in the market in the cash flow years, estimated by NewMed's estimate of the projected demand;
- for the purposes of calculating the Brent Index prices, data are based on long-term forecasts of third parties and the DCF Data assumes:
 - a base price case Brent Index price of approximately US\$97 per barrel in 2022, approximately US\$90 per barrel in 2023, which reduces to approximately US\$82 per barrel in 2027 and increases to approximately US\$91 per barrel from 2031 thereafter;
 - a condensate price based on the Brent Index prices;
- in addition, low and high case price sensitivities are included based on gas and condensate prices that are 15 per cent. lower or higher than the base case prices, respectively;
- assumptions relating to operating costs, capital expenditure and abandonment costs, which include:
 - the operating expenses taken into account include direct project-level costs, insurance costs, workover costs and NewMed's estimate of the portion of the operator Chevron's headquarters general and administrative overhead expenses that can be directly attributed to this project. Operating costs are represented at the field-level and per production unit and have not been escalated for inflation. The Resources Consultant confirmed that the operating expenses provided by NewMed are reasonable, based, *inter alia*, on knowledge available thereto from similar projects;
 - the amount of capital expenditure taken into account in the cash flow deriving from reserves includes expenses that were approved by NewMed. The Resources Consultant states in the Resources Consultant's Reports that based on its understanding of future development plans, a review of the records provided to it, and its knowledge of similar properties, the Resources Consultant regards the estimated operating capital expenditure to be reasonable;
 - decommissioning costs taken into account are costs that were provided to the Resources Consultant by NewMed which were prepared by outside consultants in accordance with their estimates with respect to the cost of plugging and abandonment of the wells, and the cost of abandonment of the platform and the production facilities, under the assumption that the project will come to an end in 2064 and in accordance with the directives of the Petroleum Commissioner and with the current best industry standards. However, it is possible that the project may come to an end before or after such date (the current date of expiration of the Leviathan Leases is 12 February 2044, but, subject to the Petroleum Law, it is possible to extend it by an additional 20 years provided that the Leviathan Partners have complied with their obligations under the Leases). These costs do not take into account the residual value of the facilities in the Leviathan Leases or any salvage value and are not adjusted to inflation changes;

- assumptions relating to tax, royalties and levies, which include:
 - the calculation of the DCF Data took into account NewMed's estimate whereby the effective rate of royalties to the State of Israel is 11.5 per cent., and the effective rate of the royalties to be paid to third and related parties is 4.14 per cent. before, and 8.74 per cent. after the sale of a total quantity (in respect of 100 per cent. of the interests in the Leviathan Field) of approximately 1,850 BCF and of approximately 4.1 million barrels of condensate from Phase 1A. The actual rate of said royalties is not final and may change. See Section B, paragraph 19 of the section of this document entitled "Risk Factors";
 - the tax rate which was taken into account in the DCF Data is corporate tax of 23 per cent.;
 - the calculation of the DCF Data took into account the petroleum profit levy to be imposed on the NewMed Group pursuant to the provisions of the Taxation of Profits from Natural Resources Law. The levy calculations were made in accordance with the approval of the ITA regarding the consolidation of the ventures operating in the Leviathan Leases for the purposes of the Taxation of Profits from Natural Resources Law (the "**Ventures**"). It is emphasised that the Taxation of Profits from Natural Resources Law calculations were made, *inter alia*, according to the definitions, formulas and the mechanisms defined in the Taxation of Profits from Natural Resources Law, to the best of NewMed's understanding and interpretation, which were expressed in the Taxation of Profits from the levy reports of the Ventures which were filed with the ITA. However, in view of the novelty of the Taxation of Profits from Natural Resources Law and the complexity of the calculation formulas and the various mechanisms defined therein, there is no assurance that this interpretation of the manner of calculation of the levy will be the same as that which shall be adopted by tax authorities and/or the same as the interpretation of the Taxation of Profits from Natural Resources Law by a court. In addition, the calculation was made in US dollars at the choice of the interest holders of the Ventures pursuant to Section 13(b) of the Taxation of Profits from Natural Resources Law and is based, *inter alia* on the following assumptions: the payments attributed to the Ventures (the production costs, the main investments, the royalties, etc.) shall be recognised by the tax authorities for the purpose of the levy calculation; and for the purposes of the calculation of the income attributed to the Ventures, the actual sale prices of the natural gas shall be taken into account;
 - the calculation of the DCF Data took into account expenses and investments which were actually paid and which are expected to be paid by the NewMed Group starting from 1 October 2022 as well as revenues deriving from sales of natural gas and condensate produced from 1 October 2021; and
 - the DCF Data assumes that revenues from natural gas and condensate sales that shall be made in a certain year were taken into account as actual cash flow in that year regardless of the actual payment date.

The DCF Data is not a projection, forecast or prediction but simply illustrates hypothetical results that are mathematically derived from specified assumptions and its inclusion should not be regarded as a representation by Capricorn, NewMed, the Combined Company, or any of their respective affiliates, the Resources Consultant or any other person that the results contained in the DCF Data will be achieved. The DCF Data is not an operational model.

There is a risk that actual production levels, sales volumes, gas and condensate sales prices, operating costs (including, insurance costs, production well maintenance and estimated overhead and general and administration expenses of the Leviathan Operator), capital expenditure, abandonment costs, royalties, tax payments, levies, inflation rates and exchange rates may differ from those assumed for the purposes of the DCF Data, including as a result of the many risks and uncertainties, including those described in the section of this document entitled "Risk Factors".

Readers should note that nothing in the foregoing paragraphs should be construed as a limitation or qualification of the Resources Consultant's responsibility for the contents of the Resources Consultant's Reports or the statement made by the Company in this document pursuant to item 1.4 of Annex 1 of the Prospectus Delegated Regulation.

15. No incorporation of website information

Neither the contents of Capricorn Group's, NewMed Group's or Delek Group's websites nor the content of any website accessible from hyperlinks on Capricorn Group's, NewMed Group's or Delek Group's websites (nor the contents of any other website mentioned herein, nor the content of any website accessible from hyperlinks from any such other website mentioned herein) is incorporated into, or forms part of, this document and investors should not rely on them, without prejudice to the documents incorporated by reference into this document which will be made available on Capricorn Group's, NewMed Group's or Delek Group's websites (or any other website mentioned herein).

16. Third-party information

Capricorn confirms that all third-party information contained in this document has been accurately reproduced and, as far as Capricorn is aware and is able to ascertain from information published by that party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information is cited in this document, the source of such information is identified.

17. NewMed Information

The information in this document relating to the NewMed Group has been provided by the board of directors of NewMed.

18. Service of Process and Enforcement of Civil Liabilities

Capricorn was incorporated under the laws of Scotland and NewMed was formed under the laws of the State of Israel. Service of process upon any of the directors and officers of Capricorn or NewMed, of whom Erik Daugbjerg and Catherine Krajicek are residents of the United States, may be difficult to obtain within the United States or other jurisdictions. For example, Scottish courts do not recognise contractually agreed methods of service as valid. Furthermore, since most directly owned assets of each of Capricorn and NewMed are outside of the United States, and may be outside other jurisdictions, any judgement obtained in the United States or such other jurisdictions against the Capricorn or NewMed or other members of the Capricorn Group or the NewMed Group may not be collectible within the United States or such other jurisdictions.

There is doubt as to the enforceability of certain civil liabilities under US federal securities laws (and there may be doubt as to the enforceability of liabilities under the laws of other jurisdictions) in original actions in Scottish and Israeli courts (and in the courts of other jurisdictions). For example, Scottish courts will not enforce any interim or provisional award of a foreign court. Subject to certain exceptions and time limitations, Scottish and Israeli courts will treat a final and conclusive judgement of a US court for a liquidated amount as a debt enforceable by fresh proceedings before such courts.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change.

Announcement of the Combination	29 September 2022
Publication and posting of this document, the Notice of General Meeting and YELLOW Form of Proxy	13 January 2023
Latest time and date for receipt of YELLOW Form of Proxy	9.00 a.m. on 30 January 2023
Capricorn Combination General Meeting	9.00 a.m. on 1 February 2023
Requisitioned General Meeting⁽⁴⁾	2.00 p.m. on 1 February 2023
Announcement of results of the General Meeting	1 February 2023
Announcement of results of the Requisitioned General Meeting ⁽⁴⁾	1 February 2023
NewMed Unitholder General Meeting	During Q1 2023
Payment of Special Dividend	Immediately prior to Completion
Cancellation of admission of Existing Ordinary Shares to listing and trading	Immediately prior to 8.00 a.m. on the date of Completion
Readmission of Existing Ordinary Shares occurs and Admission and dealings in New Ordinary Shares, fully paid, commence on the LSE	8.00 a.m. on the date of Completion
Admission and dealings in Ordinary Shares, fully paid, commence on the TASE	As soon as practicable after Readmission and Admission
Expected date of Completion, Readmission and Admission	On or before 30 June 2023
New Ordinary Shares issued in connection with the Combination credited to TASE accounts	as soon as practicable after Readmission and Admission
Longstop Date for the Combination	30 June 2023

Notes:

- (1) The times and dates given above and those mentioned throughout this document are indicative only and are based on current expectations, and may be adjusted by Capricorn in consultation with NewMed and the Sponsor, in which event details of the new times and dates will be notified to the FCA, the LSE, the ISA, the TASE and, where appropriate, Capricorn Shareholders by announcement through a Regulatory Information Service. Further announcements will be made in respect of timing and effectiveness of: (i) Readmission of the Existing Ordinary Shares and Admission of the New Ordinary Shares to the LSE; and (ii) commencement of dealings in the Ordinary Shares on the LSE and on the TASE.
- (2) The timing of Completion remains uncertain and subject to the satisfaction or waiver of the Conditions, including the receipt of certain regulatory consents and antitrust clearances, details of which are set out in paragraph 2.6 of Part I (*Letter from the Chair of Capricorn*), Part II (*Principal Terms and Conditions of the Combination*) and Part III (*Details of the Takeover Panel Rule 9 Waiver*) of this document.
- (3) References to time in this document are to London, United Kingdom time unless otherwise stated.
- (4) The Requisitioned General Meeting does not form part of the Combination. Further details are provided in paragraph 1 of Part I (*Letter from the Chair of Capricorn*), on page 101.

ISSUE STATISTICS

Number of Existing Ordinary Shares in issue as at the Latest Practicable Date ⁽¹⁾	315,072,439
Number of Participation Units in issue as at the Latest Practicable Date	1,173,814,691
Number of New Ordinary Shares to be issued for each Participation Unit as at the Unitholder Record Date, pursuant to the Combination ⁽²⁾	2.337344
Number of New Ordinary Shares expected to be issued pursuant to the Combination ⁽³⁾	2,743,883,113
Number of Ordinary Shares expected to be in issue immediately following Readmission and Admission ⁽⁴⁾	3,058,955,552
New Ordinary Shares as a percentage of the enlarged share capital of Combined Company immediately following Admission ⁽⁴⁾	89.7%
Estimated total costs and expenses of the Combination (exclusive of VAT) (comprising £12.9 million payable by Capricorn and £15.9 million payable by NewMed) ⁽⁵⁾	£28.8 million

Notes:

- (1) There are no Ordinary Shares held in treasury.
- (2) This figure is subject to adjustment in certain limited circumstances, as set out in the Business Combination Agreement.
- (3) Assumes that no new Participation Units will be issued or existing Participation Units cancelled between the Latest Practicable Date and Admission; and that no adjustment to the exchange ratio will occur between the Latest Practicable Date and Admission. Includes New Ordinary Shares to be issued to the General Partner.
- (4) Assumes that no new Participation Units will be issued or existing Participation Units cancelled between the Latest Practicable Date and Admission; that no new Ordinary Shares will be issued or existing Ordinary Shares cancelled between the Latest Practicable Date and Admission; and that no adjustment to the exchange ratio will occur between the Latest Practicable Date and Admission.
- (5) Based on USD:GBP rates on 11 January 2023.

Unless otherwise stated, for the purposes of the table above and this document, the number of Ordinary Shares in issue immediately following Readmission and Admission is stated on the assumption that no further Ordinary Shares are issued as a result of the exercise of any options under any share plan, warrant or otherwise, between the date of this document, and Readmission and Admission.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

DIRECTORS

Nicoletta Giadrossi (*Non-Executive Chair*)
 Simon Thomson (*Chief Executive*)
 James Smith (*Chief Financial Officer*)
 Keith Lough (*Non-Executive Director*)
 Peter Kallos (*Non-Executive Director*)
 Alison Wood (*Non-Executive Director*)
 Catherine Krajicek (*Non-Executive Director*)
 Erik Daugbjerg (*Non-Executive Director*)
 Luis Araujo (*Non-Executive Director*)

The business address of each of the Directors is 50 Lothian Road, Edinburgh, EH3 9BY. Each of the Directors (other than Peter Kallos, James Smith, Alison Wood and Keith Lough) will resign from the Board with effect from Completion.

PROPOSED DIRECTORS

Peter Kallos (*Chair*)
 Yossi Abu (*Chief Executive Officer*)
 James Smith (*Chief Financial Officer*)
 Gabriel Last (*Delek Group representative*)
 Leora Pratt Levin (*Delek Group representative*)
 Alison Wood (*Independent Non-Executive Director*)
 Keith Lough (*Independent Non-Executive Director*)
 Amit Lang (*Independent Non-Executive Director*)
 Rui De Sousa (*Independent Non-Executive Director*)

The business address of each of the Proposed Directors immediately after Completion will be 50 Lothian Road, Edinburgh, EH3 9BY.

COMPANY SECRETARY

Anne McSherry

SPONSOR AND FINANCIAL ADVISER TO CAPRICORN

N. M. Rothschild & Sons Limited
 New Court
 St Swithin's Lane
 London EC4N 8AL

FINANCIAL ADVISER TO CAPRICORN

Goldman Sachs International
 Plumtree Court
 25 Shoe Lane
 London EC4A 4AU

FINANCIAL ADVISER TO CAPRICORN

Morgan Stanley & Co. International plc
 25 Cabot Square, Canary Wharf
 London E14 4QA

FINANCIAL ADVISER TO NEWMED

JP Morgan
 25 Bank Street
 Canary Wharf
 London E14 5JP

JP Morgan
 Alrov Tower
 46 Rothschild Boulevard
 Tel Aviv
 Israel 6688312

LEGAL ADVISERS TO CAPRICORN AS TO ENGLISH LAW

Slaughter and May
 One Bunhill Row
 London EC1Y 8YY

LEGAL ADVISERS TO CAPRICORN AS TO SCOTS LAW	Shepherd and Wedderburn 1 Exchange Crescent Conference Square Edinburgh EH3 8UL
LEGAL ADVISERS TO CAPRICORN AS TO ISRAELI LAW	Gornitzky & Co. Vitania Tel-Aviv Tower 20 Haharash St. Tel-Aviv Israel 6761310
LEGAL ADVISERS TO NEWMED AS TO ENGLISH LAW	Davis Polk & Wardwell London LLP 5 Aldermanbury Square London EC2V 7HR
LEGAL ADVISERS TO NEWMED AS TO ISRAELI LAW	Agmon & Co. Rosenberg Hacoen & Co. Yigal Alon St 98 Tel Aviv-Yafo Israel
LEGAL ADVISERS TO THE SPONSOR AS TO ENGLISH LAW	Ashurst LLP London Fruit & Wool Exchange 1 Duval Square London E1 6PW
LEGAL ADVISERS TO DELEK GROUP AS TO ENGLISH LAW	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES
AUDITOR AND REPORTING ACCOUNTANT TO CAPRICORN	PriceWaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
AUDITOR AND REPORTING ACCOUNTANT TO NEWMED	Kost Forer Gabbay & Kasierer A member of Ernst & Young Global, Building A 144 Menachem Begin Road Tel-Aviv Israel 6492102
RESOURCES CONSULTANT TO CAPRICORN AND NEWMED	Netherland, Sewell & Associates, Inc. 1301 McKinney Street, Suite 3200 Houston, Texas 77010 United States
REGISTRAR	Equiniti Aspect House Spencer Road Lancing West Sussex BN99 6DA

Part I
Letter from the Chair of Capricorn



Directors:

Nicoletta Giadrossi (*Non-Executive Chair*)
Simon Thomson (*Chief Executive*)
James Smith (*Chief Financial Officer*)
Keith Lough (*Non-Executive Director*)
Peter Kallos (*Non-Executive Director*)
Alison Wood (*Non-Executive Director*)
Catherine Krajicek (*Non-Executive Director*)
Erik Daugbjerg (*Non-Executive Director*)
Luis Araujo (*Non-Executive Director*)

Registered office:
50 Lothian Road
Edinburgh EH3 9BY

13 January 2023

To the Capricorn Shareholders

Dear Shareholder,

1. Introduction

I am writing to you today to ask for your support on an important decision relating to the Company and your investment.

This is with respect to Capricorn's proposed Combination with NewMed. This letter outlines the process undertaken by the Board leading to the Combination – and why the Board believes that the Combination is the best path to maximise value for Capricorn Shareholders. **We recommend you vote IN FAVOUR of the Combination and the Transaction Resolutions so that the Combination can proceed.**

Palliser has an alternative view of the future of the Company and has requisitioned a general meeting of Capricorn Shareholders (the "Requisitioned General Meeting") with respect to resolutions that would: (i) remove seven incumbent directors from the Board and (ii) appoint six new proposed candidates to the Board selected by Palliser (the "**Requisitioned Resolutions**"). Palliser has proposed the Requisitioned Resolutions in connection with its public opposition to the Combination.

The Combination

Over the past year, following the arbitral award against the Government of India and clarity on the receipt of cash pursuant to that award, and recognising the challenges of a standalone future as a subscale, non-operated E&P company, focused on Egypt with considerable working capital requirements, the Board, together with its independent financial and legal advisers, extensively reviewed a comprehensive range of strategic alternatives. As part of this process, the Board held 20+ meetings over the last 12 months in their review of alternatives, including mergers, liquidations, breakups and potential modifications to its strategy.

The Board engaged in discussions with multiple counterparties regarding potential transactions and thoroughly reviewed all proposals received. In evaluating all proposals, the Board considered the potential value creation from a transaction against pursuing a standalone strategy (including a break-up or liquidation). The Board initially pursued a transaction with Tullow Oil plc capitalising on West African oil growth, but ultimately concluded that the Combination with NewMed would deliver significantly more value to shareholders and create a premium MENA gas-weighted champion with superior yield, growth and energy transition benefits.

Specifically, the Combination with NewMed will:

- enable a cash return of approximately US\$620 million³ (US\$120 million more than could be returned to ordinary shareholders on a standalone basis⁴ in the near-term) through a pre-completion dividend of US\$1.92 per share⁵. This substantial capital return facilitated by the Combination is in addition to the more than US\$780 million⁶ in cash returned to shareholders over the past two years;
- realise approximately a 46% premium⁷ for our remaining assets and provide exposure to the largest gas-focused, UK-listed energy company on LSE's premium segment (by 2P reserves); and
- create a world-class gas and energy champion that will:
 - provide enhanced scale, liquidity and a superior investment case;
 - benefit strategically from both energy security and energy transition trends;
 - generate approximately US\$3 billion in unlevered free cash flow⁸ between 2023-2027 from existing assets, with a shareholder distribution policy of at least 30 per cent. of annual free cash flow (prior to growth capital expenditure being taken into account and after financing costs have been deducted);
 - have resilient downside commodity price protection, whilst retaining upside exposure, together with low operating costs and minimum maintenance capex;
 - target a doubling of production from development projects within the existing portfolio by 2030; and
 - offer an enhanced ESG profile with the scale and resources necessary to accelerate our commitment to achieving net zero Scope 1 and 2 carbon emissions by 2040 across the combined portfolio

The Capricorn Board believes that, as a result of the Combination, the Combined Group will have a very high-quality asset base and a resilient revenue base generating regular returns to Capricorn Shareholders. This includes the largest interest in the world-class Leviathan Field, enabling the Combined Group to provide gas to growing regional energy markets and potentially LNG to European and international markets. The Combined Group will be competitively positioned to facilitate and further accelerate gas trade and decarbonisation in the MENA region and will invest in the transition to a low carbon energy system in line with its commitment to achieve net zero Scope 1 and Scope 2 emissions by 2040.

³ Proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

⁴ Capricorn Board estimate based on a working capital exercise considering the capital requirements of the business, its ongoing financial guarantee obligations and assessing reasonable downside scenarios over an 18-month projection period.

⁵ This figure: (i) assumes an issued share capital of 315.1 million shares; (ii) takes into account the proposed related cash payment of approximately US\$15 million to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees; and (iii) assumes that there will be no adjustment based on the terms of the Business Combination Agreement and that Capricorn will have sufficient distributable reserves and cash available for this purpose at the time of payment.

⁶ H1 2022A.

⁷ Premium based on £0.99 exchange value per share and theoretical Capricorn GBP share price ex-dividend of £0.68, announcement date (28 September 2022).

⁸ Unlevered free cash flow for existing producing assets. Based on Capricorn internal estimate and NewMed NSAI report 2021.

Immediately prior to Completion of the Combination, Capricorn will pay a cash Special Dividend amounting to US\$1.92 per share⁹ to Capricorn Shareholders holding Ordinary Shares as at the Special Dividend Record Date. Capricorn Shareholders will receive the dividend in pounds sterling and the amount they receive in pounds sterling will be calculated by multiplying the declared dividend in US dollars by the achieved market currency exchange rate at the applicable time prior to payment of the Special Dividend. Capricorn has further committed an aggregate amount of approximately US\$15 million to be paid to the holders of Unexercisable Awards at Completion as compensation for any reduction in the value of their Unexercisable Awards that might otherwise be reasonably considered to arise as a result of the Combination (see paragraph 11 of this Part I (*Letter from the Chair of Capricorn*) below for further details). The Special Dividend and such Award Compensation Payments (as defined below in section 11 of this Part I (*Letter from the Chair of Capricorn*)) would amount to an aggregate of approximately US\$620 million¹⁰.

The Requisition Notice

On 21 December 2022, Capricorn received at its registered office a requisition notice (the “**Requisition Notice**”) from Palliser, which holds approximately 6.9 per cent. of Capricorn’s voting share capital. In accordance with section 303 of the Companies Act, Capricorn is required to convene a general meeting of Capricorn Shareholders for the purposes of allowing Capricorn Shareholders to consider and vote on the Requisitioned Resolutions to: (i) remove Simon Thomson, James Smith, Nicoletta Giadrossi, Peter Kallos, Keith Lough, Luis Araujo and Alison Wood from the Board; and (ii) appoint six new proposed candidates to the Board.

Palliser has made these nominations in connection with its public opposition to the Combination. Accordingly, in the event that the Requisitioned Resolutions are passed, there is a material risk that the proposed reconstituted Board would seek to terminate the Combination (notwithstanding the fact that a loss of board support for the Combination would not, of itself, provide Capricorn with an explicit right to terminate the Business Combination Agreement), which the Board believes would not be in the best interests of all shareholders and would result in significant value destruction. Any change to the composition of the Board is likely to result in a requirement to publish a supplement to this document.

Accordingly, the Board unanimously reaffirms its support for each of its directors identified in the Requisition Notice and recommends you **VOTE AGAINST** all of the Requisitioned Resolutions, which will be voted on at the Requisitioned General Meeting to be held at the Sheraton Grand Hotel, 1 Festival Square, Edinburgh EH3 9SR at 2.00 p.m. (London time) on 1 February 2023. A notice convening the Requisitioned General Meeting setting out the Requisitioned Resolutions was issued by Capricorn on 9 January 2023 and, having been previously published and filed with the FCA, is hereby deemed to be incorporated in, and form part of, this Part I (*Letter from the Chair of Capricorn*). The FCA has not reviewed or approved the notice of the Requisitioned General Meeting.

Capricorn’s Board is focused on maximising shareholder value and transparency. To that end, the Board has performed a thorough review of Palliser’s proposal and has concluded that the Combination will deliver significantly more value than that proposal. One of Palliser’s suggestions is that its nominees could bring fresh perspectives to assessing the strategic alternatives that have been explored. The Board is open to adding a number of Palliser nominees to the Board promptly, in accordance with appropriate corporate governance processes. Accordingly, the Board has contacted a number of Palliser nominees directly to ask if they would agree to meet with the Board and has also asked Palliser to coordinate with all of its nominees so that this process could commence immediately. Further, on 9 January 2023, the Board communicated to Palliser that it was ready to add a number of Palliser’s nominees as Directors well in advance of the General Meeting and the Requisitioned General

⁹ This figure: (i) assumes an issued share capital of 315.1 million shares; (ii) takes into account the proposed related cash payment of approximately US\$15 million to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees; and (iii) assumes that there will be no adjustment based on the terms of the Business Combination Agreement and that Capricorn will have sufficient distributable reserves and cash available for this purpose at the time of payment.

¹⁰ Proposed pre-completion special dividend of US\$620 million paid to Capricorn’s existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

Meeting in order that those nominees can assess for themselves the merits and terms of the Transaction. While, as at the Latest Practicable Date, Palliser had not responded to this offer, the Board remains ready and available to engage in discussions with Palliser in order to find a constructive solution in the best interest of all shareholders. The Board has already engaged in a preliminary conversation with two of Palliser's nominees and it stands ready to meet with any nominee that Palliser makes available.

The Company has also offered to sign confidentiality agreements with Palliser's nominees so that they can access and review additional information. This will enable them to better assess for themselves the strategic alternatives that have previously been explored by the Board and to evaluate the body of information underpinning the Board's recommendation of the Combination.

General Meeting

The Combination will be effected by a reverse takeover under the Listing Rules, with Capricorn acquiring all of the partnership interests in NewMed in consideration for the issue of New Ordinary Shares to NewMed Unitholders and the General Partner (the "**New Ordinary Shares**") based on an exchange ratio of 2.337344 New Ordinary Shares for every NewMed participation unit (a "**Participation Unit**") (subject to adjustment in certain limited circumstances).

The Combination is expected to result in Capricorn Shareholders holding approximately 10.3 per cent. of the share capital of the Combined Company and NewMed Unitholders, together with the General Partner, holding in aggregate approximately 89.7 per cent. of the share capital of the Combined Company at Completion.

Further details of the terms of the Combination are set out below and in Part II (*Principal Terms and Conditions of the Combination*) of this document.

As a reverse takeover under the Listing Rules, the Combination is subject to Capricorn Shareholder approval, among other conditions. Your approval of the Combination and the Transaction Resolutions is therefore being sought at the General Meeting to be held at The Sheraton Grand Hotel, 1 Festival Square, Edinburgh EH3 9SR at 9.00 a.m. on 1 February 2023. A notice of the General Meeting setting out the Resolutions (including the Transaction Resolutions required to be passed in order for Capricorn to effect the Combination) being sought in connection with the Combination can be found at the end of this document (at Part XXII (*Notice of General Meeting*)). A summary of the action you are requested to take in connection with the General Meeting is set out in paragraph 13 of this letter and on the YELLOW Form of Proxy that accompanies this document.

The following provides our shareholders information regarding the background to and reasons for the Combination.

2. Background to, and reasons for, the Combination

Since it was founded in 1980 as Cairn Energy PLC, Capricorn's management and employees have, with the support of Capricorn Shareholders, transformed the company into a leading oil and gas explorer, developer and producer.

Capricorn's strategy as a responsible energy producer is to deliver reliable energy for our stakeholders while ensuring we have financial flexibility through active management of our portfolio. The strategy is based on five key pillars with all investment decisions assessed against multiple externally assured energy transition scenarios: (1) Sustainable Cash Flow Base; (2) Balance Sheet Flexibility; (3) Selective Exploration; (4) Shareholder Returns; and (5) Portfolio Management.

Ultimately, this strategic focus has enabled Capricorn to differentiate its business, enabling significant capital returns to Capricorn Shareholders. Capricorn returned more than US\$780 million¹¹ to its shareholders over the past two years, which, together with the proposed Special Dividend and

¹¹ H1 2022A.

payments to share scheme participants immediately prior to Completion, would take the total cash returns to Capricorn Shareholders to more than US\$5.5 billion over the last 15 years.

In continuation of the above strategy and following a robust and thorough process to evaluate the options for the Capricorn business led by the Capricorn Board, with the assistance of financial advisors, Capricorn announced on 29 September 2022 that it had entered into a conditional agreement with NewMed for the combination of Capricorn's and NewMed's businesses.

Together with the Combination, the Capricorn Board announced the proposed payment of: (i) a cash special dividend to Existing Capricorn Shareholders; and (ii) cash sums to relevant share scheme participants, with such payments, totalling approximately US\$620 million¹², being made immediately prior to Completion of the Combination. Capricorn has declared that the Special Dividend will amount to US\$1.92 per share¹³, to be paid to Capricorn Shareholders holding Ordinary Shares as at the Special Dividend Record Date. Capricorn Shareholders will receive the dividend in pounds sterling and the amount they receive in pounds sterling will be calculated by multiplying the declared dividend in US dollars by the achieved market currency exchange rate at the applicable time prior to payment of the Special Dividend.

The Combination therefore delivers substantial and immediate cash value to existing Capricorn Shareholders. The Capricorn Board believes that the Combination, by providing access to strong underlying cash flows of the NewMed portfolio, enables a significantly greater returns to existing Capricorn Shareholders than would be the case on a standalone basis. The Capricorn Board and management team are focused on enhancing value for all Capricorn Shareholders. The Board believes the Combination will deliver compelling near-term and long-term capital returns and sustainable growth, and hence unanimously supports the Combination for the following reasons:

1. **Substantial Upfront Cash Value and Significant Premium:** The Combination accelerates the return of approximately US\$620 million¹⁴ in cash to Capricorn Shareholders through a pre-completion dividend of US\$1.92 per share¹⁵. The Capricorn Board estimates that this proposed near-term distribution to ordinary shareholders is approximately US\$120 million higher than could be paid out on a standalone basis¹⁶ without the Combination, having undertaken a working capital exercise considering the capital requirements of the business, its ongoing financial guarantee obligations and assessing reasonable downside scenarios over an 18-month projection period. Furthermore, the Combination exchange ratio represents an approximately 46 per cent. premium to Capricorn's share price on 28 September 2022 after adjusting for the pre-completion dividend.
2. **Exposure to Strong Cash Flows and Robust Cash Returns:** The Combined Group is expected to generate approximately US\$3 billion in unlevered free cash flow between 2023 and 2027¹⁷, and will have a shareholder distribution policy to return a minimum of 30 per cent.

¹² Proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

¹³ This figure: (i) assumes an issued share capital of 315.1 million shares; (ii) takes into account the proposed related cash payment of approximately US\$15 million to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees; and (iii) assumes that there will be no adjustment based on the terms of the Business Combination Agreement and that Capricorn will have sufficient distributable reserves and cash available for this purpose at the time of payment.

¹⁴ Proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

¹⁵ This figure: (i) assumes an issued share capital of 315.1 million shares; (ii) takes into account the proposed related cash payment of approximately US\$15 million to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees; and (iii) assumes that there will be no adjustment based on the terms of the Business Combination Agreement and that Capricorn will have sufficient distributable reserves and cash available for this purpose at the time of payment.

¹⁶ Capricorn Board estimate based on a working capital exercise considering the capital requirements of the business, its ongoing financial guarantee obligations and assessing reasonable downside scenarios over an 18-month projection period.

¹⁷ Unlevered free cash flow for existing producing assets. Based on Capricorn internal estimate and NewMed NSAI report 2021.

of annual free cash flow (prior to growth capital expenditure being taken into account and after financing costs have been deducted), before growth capex and after financing costs. The Combined Group's advantaged asset base will have infrastructure-like qualities that are expected to support substantial long-term cash returns. Moreover, its contracted Offtake Agreements will provide downside price protection below US\$60/bbl in respect of the Leviathan Field, whilst retaining exposure to commodity price upside. This cash flow will underpin the material ongoing capital investment that is required in the Egyptian portfolio to deliver the 2P reserves profile and to benefit from the opportunities presented by possible licence consolidation in Egypt. The Combined Group is also expected to benefit from a reduction in operating costs, with the operating costs of the Combined Group for 2022 and 2023 expected to be approximately US\$3.7/boe, as compared to approximately US\$5.7/boe for Capricorn on a standalone basis for the same period.

3. **Premium Company of Scale with Upside Opportunity:** Capricorn Shareholders will hold equity in what is expected to be the largest gas-focused energy company listed on LSE's premium segment (by 2P reserves). The Combined Group will be well-positioned, geographically and operationally, to capitalise on strong gas demand in MENA and Europe, driven by energy security needs, economic growth and the energy transition. These dynamics are already reflected in the significant outperformance of gas-weighted independents versus the UK Oil & Gas equity market.

In an environment where concerns about Russian gas supply to Europe remain high, the Combined Group will be positioned to be a reliable provider of energy to its customers. Leviathan is already a major contributor to the increase in Israeli gas production and the decarbonisation of Israel as well as exporting gas to Egypt and Jordan.

4. **Intent on Achieving Scope 1 and 2 Net Zero 2040 across the Combined Portfolio:** Companies in the energy industry may be challenged by an increase in international and domestic regulation relating to climate change. Additionally, stakeholders continue to have higher and evolving expectations of gas and oil companies with respect to social responsibility, climate change, the environment and cultural heritage, which is increasing scrutiny of gas and oil companies. The Combined Group will target net zero Scope 1 and 2 emissions by 2040, will participate in the World Bank Zero Routine Flaring by 2030 initiative and will meet its commitments to transparent disclosure under the TCFD, SASB and GRI. The Combined Group will also be well-positioned to benefit from new energies opportunities in its existing core markets, including through the memoranda of understanding that NewMed recently entered into with Enlight and Uniper to evaluate and develop renewables and hydrogen projects.
5. **Exposure to Significantly Higher Growth Business:** The Combined Group will target a doubling of production by 2030, driven by the Leviathan expansion project, development of the Aphrodite field and production from the Western Desert portfolio in Egypt. These organic investment opportunities offer a combination of portfolio NPV enhancement, rapid payback and attractive IRRs.
6. **Strong Strategic Benefits:** Combining the Capricorn and NewMed businesses creates a platform that is competitively positioned to facilitate and further accelerate gas trade and decarbonisation in the MENA region. The Combination will bring a distinctive opportunity for exposure to the strategic Leviathan Project to LSE's premium segment, in a highly investable business of scale with full indexation eligibility. The Combined Group's strengthened position will also help to broaden and deepen key commercial relationships and accelerate strategic objectives, especially in Egypt.

7. **Robust and Thorough Process Designed to Maximise Shareholder Value:** This attractive, premium transaction is the result of a robust and thorough process conducted by the Board and management team (with the assistance of independent financial and legal advisors) which included:

- 20+ Capricorn Board meetings to review strategic alternatives over the last 12 months, including a thorough evaluation of a full range of alternatives, including a sale, liquidation, business combinations, asset acquisitions and other transactions, as well continuing as a standalone business;
- The Board recommended the Combination after a robust and thorough process, including contact with ten potential counterparties, eight of whom engaged in confidential diligence under NDA and four of whom made proposals; and
- Extensive negotiations with NewMed to maximise value under the Combination.

2.1 Purpose and Strategy of the Combined Group

The Combination will result in the creation of a MENA gas and energy champion, one of the largest upstream energy independents (by 2P reserves) listed on LSE's premium segment, benefitting from both energy security and energy transition tailwinds. The Directors believe this will create a leading vehicle for investors looking for high-quality gas exposure in the sector, reliable returns from a world class gas asset, and sector-leading emissions intensity.

The Combined Group's assets will be gas-focused, providing critical energy security to the growing gas markets of the East Mediterranean region. In particular, its 45.34 per cent. stake in the Leviathan Field gives exposure to a world-class gas field, with high productivity wells and efficient modern facilities, providing base case production beyond 2050. Additionally, the Combined Group's portfolio of onshore production in Egypt's Western Desert will provide critical domestic energy into Egypt's growing economy with a reducing emissions intensity.

The Combined Group will have a robust cash flow outlook. The visibility of the Combined Group's cash flows is facilitated by a substantial portion of Leviathan Project production being subject to long-term Offtake Agreements, mostly based on index-linked pricing and minimum unit sale prices (also referred to as the "**floor price**"), and all with take-or-pay obligations, which limit exposure to depreciation in low Brent prices and provide an upside based on the relevant index price, as described in more detail in paragraph 3.4 of Part VI (*Information on the NewMed Group*).

The secure, sustainable and long-dated nature of the cash flows from the Combined Group's assets supports a robust balance sheet which is expected to enable an attractive shareholder returns policy. The directors intend to adopt a dividend distribution policy initially targeting a minimum annual dividend of 30 per cent. of annual free cash flow (prior to growth capital expenditure being taken into account and after financing costs have been deducted).

The Combined Group's strategy will be built on three pillars:

- The first pillar is to deliver resilient cash flows and attractive shareholder returns from the existing production base: the Leviathan Field offshore Israel and its portfolio of gas and oil fields onshore Egypt.
- The second pillar is to deliver growth of this production base with a target to double net production by 2030. The resource base for this growth comes from identified projects within the Combined Group's existing portfolio and is expected to be funded from existing cash flows and external sources, while maintaining a prudent balance sheet leverage policy.
- The third pillar is further growth in the Combined Group's portfolio of conventional upstream assets and diversification into new energies. The Combined Group plans to invest in generating low carbon energy, in selective hydrocarbon exploration and in improving the environmental performance of its upstream operations.

The Combined Group will also have a number of defined growth options within the existing portfolio that will help address increasing regional and international gas demand, including:

- The Combined Group will hold a 45.34 per cent. interest in the Chevron-operated Leviathan Field, one of the world's largest gas fields with 3.7 billion boe (22 trillion scf) total gross recoverable gas resources 2P and 2C as at 30 September 2022 and capacity for expansion, with the potential to increase current production capacity by approximately 75 per cent., to meet growing regional gas demand and provide LNG to international markets later this decade.
- The Western Desert portfolio had 70 million boe (392 bcfe) contingent resources, of which 70 per cent. was gas.¹⁸ Development planning and gas sales discussions are underway to enable the development of these resources with multiple incremental investment opportunities expected to be available during 2023 and 2024. Additionally, exploration prospectivity is being developed, including through the acquisition of new wide azimuth 3D seismic data over under-explored areas of the Western Desert.
- The Combined Group will hold a 30 per cent. interest in the Aphrodite PSC, offshore Cyprus, containing gross contingent resources of approximately 600 million boe (3.5 trillion cf) gas. Aphrodite is a large discovered resource base expected to underpin standalone LNG export development to deliver additional gas to North African, European and global markets (the first gas discovery in the Cypriot EEZ).

The Combined Group would seek to leverage its balance sheet and existing stakeholder relationships to develop clean energy projects that complement its gas assets, including low emissions hydrogen projects, to harness the region's under-utilised renewable energy resources. NewMed recently signed a memorandum of understanding with Enlight to jointly develop renewable energy projects in North Africa and the Middle East. In Q4 2022, NewMed also entered into a memorandum of understanding with Uniper SE to examine the possibility of a collaboration for the supply of LNG to Europe and for the production of blue hydrogen and green hydrogen and its transportation from Israel to Europe.

2.2 The Combined Group's Commitment to Environmental, Social & Corporate Governance (ESG) matters

The Combination will materially enhance Capricorn's existing strong ESG credentials, resulting in a more than 90 per cent. gas-weighted pro forma portfolio that is well-positioned for success in the energy transition. Capricorn and NewMed are committed to high sustainability standards for the Combined Group, intent on maintaining a competitive portfolio through stringent energy scenario testing and achieving net zero Scope 1 and 2 carbon emissions by 2040. In addition, the Combined Group is expected to follow Capricorn's existing framework and policies for managing and reporting climate related risks. The Combined Group intends to maintain Capricorn's HSE, CSR and ESG policies (namely Capricorn's Corporate Environment and Climate Change Policy, Corporate Social Responsibility Policy and Corporate Health, Safety & Security Policy, which are set out at Part XXI (*The Capricorn Group's HSE, CSR and ESG Policies*) of this document), and to report against TCFD, SASB and GRI.

Given its gas-weighted portfolio, the Combined Group would be a key contributor to the regional transition from coal to natural gas driving positive environmental performance, and contributing to decarbonisation in Israel, Jordan and Egypt.

In recent years, there has been a growing awareness among investors in the UK, Israel and around the world and among stakeholders of companies such as Capricorn and NewMed of the climate and environmental impacts of various activities. As part of this trend, existing and potential investors, as well as other stakeholders, of Capricorn and NewMed are considering ESG aspects as part of their investment and business policies, including with regard to the provision of credit. There may be increased stakeholder concern and stigmatisation of the broader hydrocarbons-intensive energy sector, especially if emissions reductions or energy transitions targets are not achieved by individual companies or if they do not meet community expectations.

¹⁸ Figures as at 31 December 2021.

Companies in the energy industry may also be challenged by an increase in international and domestic regulation relating to climate change, including those relating to restricting or reducing greenhouse gas emissions. Like any significant changes in the regulatory environment, greenhouse gas regulation could have the impact of curtailing profitability in the gas and oil sector, and the ultimate effects of greenhouse gas emissions-related agreements, legislation and measures on the Combined Group's financial performance, as well as the timing of these effects, is uncertain. Consideration of greenhouse gas issues and the international and national responses to those issues will be integrated into the Combined Group's strategy and planning.

The Combined Group will also be subject to various pollution, environmental, health and safety risks, as many activities in the gas and oil industry are inherently hazardous. The health, safety and environment policies of the Combined Group and the operators of its assets will require the Combined Group to comply with all applicable legal and regulatory requirements and to generally apply best practices where legislation does not exist.

The Board of the Combined Company will have a clearly defined governance structure in line with the UK Corporate Governance Code.

It was initially announced that Simon Thomson, the current CEO of Capricorn, would become the transitional Chair of the Combined Company to provide continuity through the integration process. Having sought shareholder feedback, Capricorn and NewMed have agreed that Peter Kallos, the current Senior Independent Director of Capricorn, will become the transitional independent Chair of the Combined Group. This will ensure that the Board is compliant with the relevant independent chair requirement of the UK Corporate Governance Code and, given Peter's over seven years' experience at Capricorn as a non-executive director, will provide continuity through the integration process.

The Board of the Combined Company will also comprise Yossi Abu as CEO, James Smith as CFO and four additional independent Non-Executive Directors, comprising Alison Wood, Keith Lough, Rui de Sousa and Amit Lang. Gabriel Last and Leora Pratt Levin will join the Board of the Combined Group as representatives of Delek Group.

Accordingly, a majority of the directors of the Board of the Combined Company, including the Chair, will be independent. Capricorn and NewMed believe that the composition of the Board of the Combined Group, which will now comprise nine members, has the right blend of skills and experience to lead the Combined Group.

2.3 Management, employees and locations

Capricorn attaches great importance to the skills and experience of the existing management and employees of the Capricorn Group and the NewMed Group. The Board is beginning to plan the optimal organisational shape of the Combined Group, as well as the requirements for integrating the business systems and processes of the two organisations. One of the key drivers for the Combination is the opportunity to leverage Capricorn's skillset and organisational strength, as well as to benefit from the Company's platform as a FTSE 250 constituent company listed on the LSE.

In planning for the future, the Board of the Combined Company will ensure that the organisational structure and cost base are appropriate to the operations and strategy of the ongoing company. There are also likely to be significant efficiencies that can be made from enhancing and streamlining the Capricorn Group's systems and processes, and opportunities to work in more agile ways.

Integration planning is ongoing and has not been finalised. As part of a resizing of its workforce, Capricorn launched a voluntary redundancy programme for its UK-based employees in Q4 2022 resulting in a planned reduction in headcount from 187 to 127 employees, or by 60 employees. Overall, the key core competencies and skillsets remain across the technical, operational, legal, commercial and financial disciplines.

Capricorn is in the process of integration planning and will need to undertake further work to ascertain the areas in which any further rationalisation may be appropriate. Until its integration planning is complete, and all necessary consultation with relevant employees and employee representatives has

taken place, Capricorn cannot be certain of its post-completion actions and the impact they will have on employment in, and places of business of, the Combined Group. Therefore, the detailed steps for the expected operational and administrative restructuring are not yet known. However, according to current integration plan:

- the Combined Group will be headquartered in the UK with all central corporate, technical management and operational functions being based there;
- the principal overseas offices will be in Tel Aviv and Cairo covering the material producing assets, with the main employee base continuing to be in Edinburgh; and
- smaller regional presences may be required: covering the development and exploration assets in Cyprus, Mauritania/Morocco and Mexico.

Subject to the reduction in headcount described above, Capricorn intends to fully safeguard the existing employment rights and pension rights of all of the Combined Group's management and employees.

Any headcount reduction will be subject to any necessary consultation with affected employees and any employee representatives in accordance with its legal obligations.

2.4 Financial effects of the Combination and financing of the Combined Group following the Combination

In accordance with the terms of the Business Combination Agreement, Capricorn will pay, immediately prior to Completion, the Special Dividend amounting to US\$1.92 per share¹⁹ to Capricorn Shareholders holding Ordinary Shares as at the Special Dividend Record Date. Capricorn Shareholders will receive the dividend in pounds sterling and the amount they receive will be calculated by multiplying the declared dividend in US dollars by the achieved market currency exchange rate at the applicable time prior to payment of the Special Dividend. The Special Dividend (along with payments of cash sums to be made to participants under certain of Capricorn's share plans in connection with the Combination) would amount to an aggregate of approximately US\$620 million²⁰.

The Combination exchange ratio values Capricorn, on an ex-dividend basis, at US\$338 million or £0.99 per share, a 46 per cent. premium to theoretical ex-dividend price on 28 September 2022 (being the last business day prior to the date the Combination was announced), The Combination exchange ratio values Capricorn, on an ex-dividend basis, at US\$306 million or £0.80 per share, a 7 per cent. discount to theoretical ex-dividend price on 11 January 2023 (being the Latest Practicable Date).

The expected total value of the Combination to existing Capricorn Shareholders was therefore equivalent to 271 pence per Ordinary Share as of 28 September 2022, and as of the Latest Practicable Date was 238 pence per Ordinary Share.

As at 30 June 2022, Capricorn's consolidated gross assets were US\$1,654.9 million. For the year ended 31 December 2021, Capricorn reported a consolidated profit of US\$917.8 million.

As at 30 September 2022, NewMed's consolidated gross assets were US\$3,891.8 million. For the year ended 31 December 2021, NewMed reported a consolidated profit of US\$404.9 million.

¹⁹ This figure: (i) assumes an issued share capital of 315.1 million shares; (ii) takes into account the proposed related cash payment of approximately US\$15 million to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees; and (iii) assumes that there will be no adjustment based on the terms of the Business Combination Agreement and that Capricorn will have sufficient distributable reserves and cash available for this purpose at the time of payment.

²⁰ Proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

The Unaudited Pro Forma Statement of Net Assets is provided in Part XIII (*Unaudited Pro Forma Financial Information*) of this document and has been prepared to illustrate the effect of the Combination on the net assets of the Capricorn Group as if the Combination had taken place on 30 September 2022, and the net income of the Combined Group as if the Combination had taken place on 1 January 2021. The Unaudited Pro Forma Statement of Net Assets and Unaudited Pro Forma Income Statement have been prepared for illustrative purposes only and, because of their nature, address a hypothetical situation and, therefore, do not reflect the Combined Group's actual financial position or results.

The Combined Group is forecast to generate resilient free cash flow from its existing producing assets due to strong contract prices, low operating costs and minimal maintenance capex. Forecast 2023 – 2027 unlevered free cash flow (pre-financing costs and pre-growth capex) is approximately US\$3 billion²¹.

The Combined Group's net debt on a pro forma basis as at 30 September 2022 was US\$1.9 billion (after payment of the Special Dividend and cash sums to participants of certain of Capricorn's share plans, amounting to approximately US\$620 million²² in aggregate), with gross debt of US\$2.4 billion.

On 24 June 2021, Capricorn Egypt Limited entered into the US\$325 million Capricorn Acquisition Senior RBL Facility and the US\$80 million Junior Debt Facility jointly with a subsidiary of the joint operation partner in Egypt, Cheiron Oil & Gas Limited, to finance the acquisition of the Egyptian Western Desert portfolio. The maximum drawdown available to Capricorn as at 30 November 2022 was approximately US\$120 million for the Capricorn Acquisition Senior RBL Facility and US\$40 million for the Junior Debt Facility. Both the Capricorn Acquisition Senior RBL Facility and Junior Debt Facility are expected to remain in place after Completion.

On 6 December 2021, NewMed entered into a bank credit facility with an Israeli bank in connection with funding its ongoing operations. Under this facility, NewMed may, for a period commencing from 6 December 2021 and ending on 6 February 2023, draw down from time to time US dollar loans up to a total amount of US\$100 million. Annual interest equal to LIBOR plus a margin applies to loans under the facility. Fees are payable on the undrawn balance as well as a commitment fee. There are debt incurrence covenants under the facility which, subject to certain conditions, limit NewMed's ability to incur additional debt. As at the Latest Practicable Date, NewMed has not yet drawn from the credit facility.

On 18 August 2020, Leviathan Bond Ltd., a wholly-owned subsidiary of NewMed, issued the Leviathan Bonds, comprising US\$500 million 5.750 per cent. senior secured notes due 30 June 2023, US\$600 million 6.125 per cent. senior secured notes due 30 June 2025, US\$600 million 6.500 per cent. senior secured notes due 30 June 2027 and US\$550 million 6.750 per cent. senior secured notes due 30 June 2030. On 22 May 2022, the board of directors of NewMed Group approved a programme for the repurchase of Leviathan Bonds, from time to time, at the discretion of the NewMed Group's management in an aggregate amount of up to US\$100 million over a two year period. The NewMed Group had repurchased approximately US\$74.6 million aggregate principal amount of Leviathan Bonds as at 31 December 2022. Subject to the approved repurchase programme, the Leviathan Bonds are expected to remain outstanding and the credit facility is expected to remain in place after Completion.

The directors of the Combined Company intend to adopt a dividend distribution policy initially targeting a minimum annual dividend of 30 per cent. of annual free cash flow (prior to growth capital expenditure being taken into account and after financing costs have been deducted). Excess cash flow will be allocated according to a disciplined capital allocation framework that targets value creation through growth projects and excess cash flow could also be used to fund additional dividends, delever or acquisitions.

The Combination is not expected to result in any material immediate cash tax liability for Capricorn or NewMed. See Section B (Israel Taxation) of Part XV (Taxation) of this document for information on the Israeli Tax Ruling being sought from the ITA.

²¹ Unlevered free cash flow for existing producing assets. Based on Capricorn internal estimate and NewMed NSAI report 2021.

²² Proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

2.5 Key terms of the Business Combination Agreement

The Business Combination Agreement was entered into on 29 September 2022 between NewMed, the General Partner and Capricorn for the sale of the LP Interests and the GP Interests in NewMed to Capricorn, and the cancelling of the Participation Units by the Limited Partner, in exchange for the allotment and issue of the New Ordinary Shares to the NewMed Unitholders holding Participation Units on the Unitholder Record Date and to the General Partner.

The New Ordinary Shares to be issued to the NewMed Unitholders and General Partner shall be issued credited as fully paid, free from all encumbrances and ranking *pari passu* in all respects with the Existing Ordinary Shares in issue at the date of such allotment and issue, except that no New Ordinary Share shall rank for any dividend or other distribution paid before, or declared by reference to a record date before, the date of its allotment and issue.

Capricorn will pay, immediately prior to Completion, the Special Dividend amounting to US\$1.92 per share²³ to Capricorn Shareholders holding Ordinary Shares as at the Special Dividend Record Date. Capricorn Shareholders will receive the dividend in pounds sterling and the amount they receive in pounds sterling will be calculated by multiplying the declared dividend in US dollars by the achieved market currency exchange rate at the applicable time prior to payment of the Special Dividend. Capricorn has further committed an aggregate amount of approximately US\$15 million to be paid to the holders of Unexercisable Awards at Completion as compensation for any reduction in the value of their Unexercisable Awards that might otherwise be reasonably considered to arise as a result of the Combination (see paragraph 11 of this Part I (*Letter from the Chair of Capricorn*) below for further details). The Special Dividend and such cash payments would amount to an aggregate of approximately US\$620 million²⁴.

Capricorn received certain warranties relating to NewMed from NewMed and relating to the General Partner from the General Partner, and NewMed received certain warranties relating to Capricorn from Capricorn. The Business Combination Agreement also contains interim conduct covenants that are binding until Completion or termination of the Business Combination Agreement.

NewMed and Capricorn each have a right to terminate the Business Combination Agreement if: (i) the directors of the other party withdraw, modify or qualify their recommendation so as to no longer recommend the Combination before the relevant shareholder or unitholder meeting (as applicable); (ii) the other party materially breaches or fails to perform certain obligations, warranties or pre-Completion undertakings under the Business Combination Agreement; or (iii) the other party fails to convene the relevant shareholder or unitholder meeting (as applicable) to approve the Combination by 31 May 2023 (or as otherwise agreed by Capricorn and NewMed) or postpones or adjourns such meeting in particular circumstances. In addition, either NewMed or Capricorn may terminate the Business Combination Agreement if: (i) Capricorn recommends a third party offer announced under Rule 2.7 of the Takeover Code; (ii) NewMed enters into an agreement with a third party for an acquisition of NewMed or substantially all of NewMed's assets; or (iii) one or more of the Conditions has not been satisfied (or waived) by the Longstop Date or becomes impossible to satisfy by that time.

Further details of the Business Combination Agreement are set out in Part II (*Principal Terms and Conditions of the Combination*).

²³ This figure: (i) assumes an issued share capital of 315.1 million shares; (ii) takes into account the proposed related cash payment of approximately US\$15 million to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees; and (iii) assumes that there will be no adjustment based on the terms of the Business Combination Agreement and that Capricorn will have sufficient distributable reserves and cash available for this purpose at the time of payment.

²⁴ Proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

2.6 Conditions

The Business Combination Agreement provides that the Combination is conditional on, among other things:

- (A) obtaining Capricorn Shareholder approval of the Combination and associated matters (as set out in more detail at paragraph 3(A) of Part II (*Principal Terms and Conditions of the Combination*));
- (B) obtaining NewMed Unitholder approval of the Scheme (meeting the required NewMed Unitholder voting thresholds for Scheme approval as described at paragraph 3(C) of Part II (*Principal Terms and Conditions of the Combination*));
- (C) no party (together with its concert parties, as agreed with the Takeover Panel) being entitled to receive New Ordinary Shares pursuant to the Combination which, in aggregate with any Ordinary Shares already held, would cause the shareholding of such party (together with its concert parties, agreed with the Takeover Panel) immediately after Completion to exceed the shareholding threshold beyond which Rule 9 of the Takeover Code will cease to apply to such party;
- (D) FCA and LSE approval of the Admission of all New Ordinary Shares and Re-admission of Existing Ordinary Shares to listing on the premium segment of the Official List and to trading on the LSE's main market;
- (E) ISA and TASE approval of the admission of all New Ordinary Shares and all Existing Ordinary Shares to trading on the TASE pursuant to Chapter E'3 of the Israeli Securities Law;
- (F) approval of the Israeli Minister of Justice (in accordance with Section 351a(b) of the Israeli Companies Law) and approval of the Scheme by the competent Israeli court;
- (G) obtaining relevant tax rulings from the ITA on terms reasonably satisfactory to both Capricorn and NewMed;
- (H) obtaining required anti-trust, regulatory and contractual approvals in relevant jurisdictions;
- (I) receipt of such approvals as may be required for the release of the pledges in respect of the participation units held by Delek Group (and any of its subsidiaries);
- (J) no material adverse effect affecting, or material non-cash asset disposal (or prospective disposal) of, the NewMed Group or Capricorn Group having occurred between signing of the Business Combination Agreement and Completion; and
- (K) no material breach of warranty or pre-completion undertaking having occurred prior to Completion.

Capricorn and NewMed are each required to use all reasonable endeavours to satisfy by the Longstop Date those Conditions for which they are responsible under the Business Combination Agreement.

2.7 Relationship Agreement

On 29 September 2022, the Relationship Agreement was entered into between the Company and the Principal Shareholders to comply with the requirement under the Listing Rules for a premium-listed issuer to have in place a written and legally binding agreement with its controlling shareholders containing certain undertakings and, more generally, to regulate the ongoing relationship between the Combined Company and the Principal Shareholders. The key provisions of the Relationship Agreement are conditional upon, and shall come into force on, Readmission and Admission.

The Relationship Agreement contains undertakings from the Principal Shareholders that, among other things, they will, and will procure that each of their Associates will, among other things, conduct transactions and arrangements with members of the Combined Group on an arm's length basis and on normal commercial terms and not take any action that would have the effect of influencing the day-to-day running of the Combined Company at an operational level.

The Principal Shareholders have also agreed to be subject to a lock-up arrangement pursuant to which they undertake not to, and to procure so far as it is within their power to do so, that their Associates do not, directly or indirectly, dispose of their Ordinary Shares for a period of 12 months from Admission (subject to certain carve-outs).

For so long as Delek Group and its Associates hold, in aggregate, at least 25 per cent. of the Ordinary Shares, Delek Group will be entitled to nominate two directors (who must be individuals) for appointment to the Board, following consultation with the Nomination Committee regarding the identity, reputation, qualifications and suitability of the individual proposed to be appointed and provided that such person's appointment is not objected to by the FCA or the ISA.

Further details of the Relationship Agreement are set out in section 7.1(B) of Part XVIII (*Additional Information*).

3. Background to the Requisition Notice, its potential implications for the Combination and the rationale for the unanimous Board recommendation to VOTE AGAINST the Requisitioned Resolutions

On 21 December 2022, Capricorn received at its registered office the Requisition Notice from Palliser, which holds approximately 6.9 per cent. of Capricorn's voting share capital. In accordance with section 303 of the Companies Act, Capricorn is required to convene a general meeting of Capricorn Shareholders for the purposes of allowing Capricorn Shareholders to consider and vote on the Requisitioned Resolutions to: (i) remove Simon Thomson, James Smith, Nicoletta Giadrossi, Peter Kallos, Keith Lough, Luis Araujo and Alison Wood from the Capricorn Board; and (ii) appoint Hesham Mekawi, Christopher Cox, Maria Gordon, Craig Van der Laan, Richard Herbert and Tom Pitts to the Capricorn Board. The Requisitioned Resolutions therefore propose for the entire reconstitution of the Capricorn Board save for existing independent non-executive directors, Catherine Krajcek and Erik Daugbjerg.

Palliser has made these nominations in connection with its public opposition to the Combination. Accordingly, in the event that the Requisitioned Resolutions are passed, there is a material risk that the proposed reconstituted Board will seek to terminate the Combination (notwithstanding the fact that a loss of board support for the Combination would not, of itself, provide Capricorn with an explicit right to terminate the Business Combination Agreement), which the Board believes would not be in the best interests of all shareholders and would result in significant value destruction.

Capricorn's Board and management team have met with shareholders representing a majority of our outstanding shares since the Combination has been announced – we have very much appreciated their input and insight. We also have met eleven times with Palliser as part of that shareholder engagement process. We share their stated commitment to maximising shareholder value, and it was in that spirit that we met with the Palliser team.

Palliser's has put forward its own view of future value creation as an alternative to the Combination. We have reviewed this information in detail, along with our independent financial advisors. We believe that Palliser's alternative proposal is based on an overstated value of Capricorn on a standalone basis. This is due to Palliser's reliance on several outdated and incorrect facts and assumptions, including being able to immediately return to shareholders approximately US\$620 million²⁵ in cash, valuing the contingent value rights at over US\$300 million and underestimating the costs and challenges associated with optimising the Egyptian fiscal terms. It also does not reflect the time and costs which

²⁵ Proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

would be involved in executing their proposal and underestimates the value creation potential of the NewMed Combination. Our analysis concluded that pursuing Palliser's proposal would be likely to deliver less value with higher risk over a longer execution period. Specifically, our analysis, adjusting for the incorrect facts and assumptions, indicates that Palliser's proposal would likely deliver an estimated US\$866 million in fair market value and only US\$645 million when taking into account the P / Core NAV trading discount observed in peers²⁶, which is meaningfully below the implied current NewMed offer value²⁷.

Given, amongst other things, the potential impact on the Combination, we want to ensure shareholders have all the accurate and up-to-date information required to make a decision. In particular, here are the facts underlying our analysis and corrections to Palliser's alternative proposal:

- The proposal assumes a net cash balance that is US\$34 million too high due to our ongoing investment in Egypt (and of our US\$597 million balance, US\$53 million is restricted and not available for capital return);
- The fair value of the UK receivable has reduced from US\$240.9 million at 30 June 2022 to US\$205 million as a result of falling oil prices; approximately US\$120 million of the expected receivable is already factored into Capricorn's working capital projections (and the pre-completion dividend);
- The risked value of the Senegal contingent payment is US\$57 million, US\$16 million less than assumed by Palliser's proposal as a result of an increased risk of delay linked to the Woodside revised start up guidance to "late 2023" for Sangomar;
- Therefore, the aggregate value of the contingent payments is approximately US\$260 million, approximately US\$50 million lower than the assumed value in Palliser's proposal; and
- The assumed value for the Egyptian assets is just US\$71 million in Palliser's proposal with no further investment, but fails to state that the full 2P value of US\$335 million requires multi-year capital investment. Capricorn has guided the market to capex of approximately US\$75 million per year from 2023 to 2026²⁸. Additionally, it includes US\$47 million of value to exploration, which should not be included in Core NAV or fair market value, and their price deck materially exceeds lending bank, peer assumptions and futures curve.²⁹

In addition, here are our observations on a number of the assumptions underlying Palliser's proposal:

- On a standalone basis, the Board estimated that Capricorn's cash available to be distributed in the near-term would likely not be more than US\$500 million, due to the group's capital commitment, financial guarantees and requirement to hold working capital for downside commodity price, production and cost scenarios;
- Palliser's proposal assumes that US\$61 million of receivables for sales to EGPC in Egypt will be immediately recovered, whereas the Company expects the working capital position to remain flat;
- Any contingent payment security that the Company may distribute would likely require the Company to retain a material stake in the underlying rights, which would reduce the issuable quantum and liquidity of any potential instrument. With at least 40% of Capricorn's shareholders expected to be forced sellers of any such financial instrument, the market value would likely trade at a significant discount;

²⁶ Peer group includes: GKP, Serica, Genel, Seplat, Enquest, Pharos, Harbour, Tullow Oil

²⁷ As at 29 December 2022

²⁸ ERCE Fair Market Valuation Report.

²⁹ ERCE nominal oil price deck of US\$96/bbl, US\$94/bbl, US\$86/bbl, US\$80/bbl, US\$82/bbl, US\$83/bbl, US\$85/bbl, US\$87/bbl, US\$88/bbl, US\$90/bbl (2022-2031).

- Palliser's assessment of the value creation potential from PSC modernisation in Egypt is overly optimistic. Specifically, their valuation of the upside potential from PSC modernisation is based on the terms achieved by APA Corporation in Egypt, and yet fails to fully account for the fact that a US\$100 million signature bonus was paid to EGPC, and a material capital programme was committed to secure revised terms; and
- Palliser's proposal advocates a future for Capricorn as a subscale, Egyptian-focused exploration and production company with limited capital resources, but fails to reflect the discount to asset value at which similar companies trade; if you apply average market discounts (26-43% based on observed peer trading ranges³⁰), the value of the Combination exceeds the value of Palliser's proposal – even when applying Palliser's incorrect facts and assumptions.

Palliser has also made a number of incorrect assertions about Capricorn's historical performance and misleading characterisations of the Company's track record. Here are the facts:

- Capricorn's total shareholder returns have outperformed the peer median over each of the last one- and three-year periods by approximately 20 per cent.³¹;
- Capricorn's Board and management have demonstrated disciplined capital stewardship, having successfully re-positioned the Company by exiting more mature and higher capital intensity assets, refocusing on low-cost, higher gas-weighted Egyptian assets and returning more than US\$780 million³² in cash to shareholders over the past two years and US\$5.5 billion^{33,34} over the past 15 years;
- Capricorn has maintained a disciplined approach to costs, with one of the lowest G&A as a percentage of market capitalisation versus London-listed E&P peers³⁵;
- Capricorn has already implemented G&A reductions, reducing headcount by one-third in 2022, which is expected to deliver an annual G&A saving of approximately US\$7.5 million³⁶ from 2024, while other cost-saving measures are ongoing;
- Capricorn's Board has demonstrated its commitment to maximising shareholder value, as evidenced by the recommendation of the NewMed Combination, which will accelerate the return of approximately US\$620 million³⁷ in cash to Capricorn Shareholders, ensure the best platform to maximise the value of Capricorn's asset portfolio and give our shareholders exposure to a highly strategic business targeting a doubling of production by 2030; and
- The Board, as executives and directors, collectively has 200+ years of oil & gas experience and has executed and overseen more than US\$100 billion in M&A transaction volume

³⁰ Based on sell-side analyst research, Price to Core NAV and Price to Total NAV. Peers include Energean, Enquest, Genel, GKP, Harbour, Pharos, Seplat, Serica and Tullow as at 30 December 2022

³¹ Peer group includes: GKP, Serica, Genel, Seplat, Enquest, Pharos, Harbour, Tullow Oil. Bloomberg as of 30 December 2022

³² H1 2022A

³³ Includes the return of the proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

³⁴ Proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

³⁵ Peer group includes: GKP, Serica, Genel, Seplat, Enquest, Pharos, Harbour, Tullow Oil

³⁶ Excluding one-off costs to be incurred in 2023

³⁷ Proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

The Board's concern is that Capricorn Shareholders who rely on Palliser's proposal in any decision to support the Requisitioned Resolutions and oppose the Combination, are at risk of doing so without understanding the material risks and errors in its analysis and, in turn, may lose out on the value creation potential from the Combination.

The passing of any or all of the Requisitioned Resolutions at the Requisitioned General Meeting would result in a partial or full reconstitution of the Capricorn Board and there can be no guarantee that a newly constituted Capricorn Board would continue unanimously to support the Combination. If the newly constituted Capricorn Board were no longer to support the Combination, this would not, of itself, provide Capricorn with an explicit right to terminate the Business Combination Agreement and, unless and until the Business Combination Agreement is terminated, Capricorn would remain bound by the terms of the Business Combination Agreement. However, in the event of a newly constituted Capricorn Board who no longer supports the Combination being appointed, there is a material risk that such newly appointed Capricorn Board would seek to terminate the Combination and the risk that Completion is delayed beyond the Longstop Date or does not occur at all would be greatly increased. Further, NewMed would be under no obligation to renegotiate the terms of the Combination.

If one or more of the Requisitioned Resolutions were to be passed it is possible that a newly constituted board of the Company may seek to revise the terms of the Combination. In circumstances where the terms of the Combination are revised there is a material risk that the shareholder approval sought in this document would no longer be valid and that a new shareholder approval would have to be sought. Any change to the composition of the Board is likely to result in a requirement to publish a supplement to this document.

The Requisitioned General Meeting to consider the Requisitioned Resolutions is to be held at the Sheraton Grand Hotel, 1 Festival Square, Edinburgh EH3 9SR at 2.00 p.m. (London time) on 1 February 2023. A notice convening the Requisitioned General Meeting setting out the Requisitioned Resolutions was issued by Capricorn on 9 January 2023 and is incorporated in this Part I (*Letter from the Chair of Capricorn*) by reference.

For the reasons set out in this section the Board unanimously recommends that all Capricorn Shareholders **VOTE AGAINST** the Requisitioned Resolutions.

4. Interested Third Parties

The Board of Capricorn has undertaken a robust and extensive process in assessing all options for the Company. For over a year up to the date of publication of this document, including through the period of the proposed all-share combination with Tullow Oil plc following 1 June 2022, Capricorn has engaged with multiple counterparties, several of whom have conducted diligence on the Capricorn Group and/or have submitted non-binding expressions of interest in relation to alternative transactions to the Combination (the "**Interested Third Parties**").

The Capricorn Board has carefully considered all proposals received from Interested Third Parties, and as a result believes the Combination represents the best solution for Capricorn Shareholders. Discussions with Interested Third Parties, including those that were potentially considering making an offer for Capricorn, have been terminated by those parties.

5. Current trading and prospects

5.1 Capricorn Group

Capricorn released its results for the six months ended 30 June 2022 ("**Capricorn Group H1 2022 Results**") on 6 September 2022. The key highlights of the Capricorn Group H1 2022 Results, as published, are set out below.

(A) Finance and Strategic H1 2022 Highlights

Oil and gas revenue in Egypt in H1 2022 was US\$137.4 million from net entitlement sales volume of 2.6 mmbœ, of which 41 per cent. was liquids. Oil sales averaged US\$110.9/bœ and gas sales

averaged US\$2.9/mcf. Production costs over the period were US\$32.8 million, or US\$5.1/boe (on a WI basis). The Capricorn Group net cash at the end of H1 2022 was US\$631.3 million, comprising US\$809.0 million cash and US\$177.7 million debt.

In Q1 2022, Capricorn received a tax refund from the Government of India of approximately US\$1.06 billion. This enabled a capital return to shareholders via a tender offer of approximately US\$500 million and an additional US\$25 million share buyback programme, which completed in July 2022.

Capital expenditure during H1 2022 was US\$65.4 million. The total oil and gas capital expenditure during H1 2022 was US\$76.0 million, including US\$19.9 million of general exploration and evaluation costs charged direct to the income statement. The total capital expenditure for FY 2022 is estimated to be approximately US\$175-195 million, which includes: (i) Egypt development expenditure of US\$80-90 million; (ii) Egypt exploration expenditure of US\$20-25 million; (iii) UK infrastructure-led exploration expenditure of US\$45 million; (iv) and other international exploration of US\$30-35 million, principally in the Mexico and Mauritania. Production guidance for FY 2022 is 33,000 boepd to 36,000 boepd.

(B) Production and Exploration H1 2022 Highlights and Update

Egypt H1 2022 Capricorn WI production averaged approximately 35,500 boepd, with a focus on successfully maximising liquids recovery. Net liquids (oil and condensate) WI production in Egypt grew from 2021 post-acquisition levels of 13,870 boepd to approximately 14,600 boepd in H1 2022. Gas production fell from 2021 post-acquisition levels of 127 mmscf/d to approximately 117 mmscf/d in H1 2022, due to well results at Karam-11 and BTE-4 combined with higher natural decline at the Assil field. While the fourth and fifth rigs in Egypt were initially subject to logistics and commissioning delays, both were operating by end Q3 2022. Bapetco is also progressing various production enhancement projects in respect of the Egypt Concessions, including a low-pressure compressor project at the BED 3 facility, where commissioning and start-up is expected at the beginning of 2023, boosting gas production levels.

On the Cheiron-operated production assets in Egypt, the main driver of value is production attainment, which is a function of reservoir performance, drilling and completion efficiency and the number of wells drilled, completed and hooked up in a calendar year. For the reasons set out in the Capricorn Group H1 2022 Results, fewer new wells were drilled in 2022 (31) as compared to Capricorn's original expectation (more than 40).

Capricorn is continuing to work through its year-end reserves and production forecasting process and to develop its 2023 outlook. The latest 2023 budget presented by the operator in the Operating Committee Meeting (OCM) in mid-December 2022 indicated average production forecast for 2023 for the Bapetco assets of 33.4 kboepd (on a WI basis), which was lower than Capricorn's prior expectations. This figure and the overall gross production from the Bapetco assets for 2023 is yet to be approved by the joint venture partners. Capricorn is continuing to work with Cheiron (as the operator) and other joint venture partners to best optimise the production outlook and associated capital programme for 2023.

The 3D seismic acquisition in Egypt was safely completed in Q2 2022 in the non-operated North Um Baraka concession (Capricorn 50 per cent. WI), with further 3D acquisition commenced over the Capricorn Group-operated concessions in Q3 2022 and completed in Q4 2022. The Capricorn Group will initiate its operated exploration programme in Egypt with two wells (Capricorn 50 per cent. WI) in the South Abu Sennan concession, planned for Q1 2023.

At the time the Capricorn Group H1 2022 Results were released, drilling of the non-operated Yatzil prospect on Block 7 (Capricorn 30 per cent. WI) had been expected to commence in Q4 2022. Drilling of the Yatzil prospect on Block 7, the Capricorn Group's final commitment exploration well in Mexico, is now due to spud in Q1 2023. Due to the delay in drilling, full year 2022 capital expenditure for other international exploration is now expected to be approximately US\$24 million, below the guidance given in the Capricorn Group H1 2022 Results.

In relation to Block C7 offshore Mauritania, following the environmental baseline and drilling site survey in Q1 2022, Capricorn Group is seeking partners to participate in the next licence phase.

Save as disclosed above, trading from the date of the Capricorn Group H1 2022 Results to the Latest Practicable Date has been and is in line with the expectations of the Directors and there has been no material change to the financial position or performance of the Capricorn Group since that date.

See Part IV (*Information on the Capricorn Group*) for more information on Capricorn's operations, and Part XI (*Historical Financial Information Relating to the Capricorn Group*) for the Capricorn Group Restated 2021 Financial Statements and the Capricorn Group Restated H1 2022 Financial Statements, which contain Capricorn Group's financial information for those periods restated under the accounting policies of the NewMed Group.

5.2 NewMed Group

The information in this section 5.2 has been provided by the management of NewMed.

An analysis of NewMed's results for the nine months ended 30 September 2022 is set out in section 3(D) of Part X (Operating and Financial Review Relating to the NewMed Group) of this document. There has been no material change to the financial position or performance of the NewMed Group since 30 September 2022. In particular, in the year ended 31 December 2022:

- the Leviathan Leaseholders sold natural gas in the amount of approximately 11.4 BCM (compared to approximately 10.7 BCM for the year ended 31 December 2021);
- the total production attributable to the Leviathan Project was approximately 182 BCF (compared to approximately 171 BCF for the year ended 31 December 2021) (all on a 100% basis); and
- the average price of natural gas sales from the Leviathan Project (on a US\$ per MCF basis) was US\$ 6.3 (compared to US\$ 5.14 for the year ended 31 December 2021).

The foregoing is preliminary and not audited data and subject to receipt of final figures from the operator and finalisation as part of NewMed's regular year end reporting processes.

6. Dividend policy

In accordance with the terms of the Business Combination Agreement, Capricorn will pay, immediately prior to Completion, the Special Dividend amounting to US\$1.92 per share³⁸, to be paid in pounds sterling, to Capricorn Shareholders holding Ordinary Shares as at the Special Dividend Record Date. The Special Dividend (along with payments of cash sums to be made to participants under certain of Capricorn's share plans in connection with the Combination) would amount to an aggregate of approximately US\$620 million³⁹.

Following Completion, the Combined Group is expected to be in a position that will allow it to maintain a material and sustainable dividend policy and will initially be targeting a minimum annual dividend of 30 per cent. of annual free cash flow (prior to growth capital expenditure being taken into account and after financing costs have been deducted).

The Company expects to obtain the Israeli Tax Ruling from the ITA on the terms as set out in Section B (*Israel Taxation*) of Part XV (*Taxation*) below. The Israeli Tax Ruling has not yet been finalised, and discussions with the ITA remain ongoing, but Capricorn Shareholders should be aware that the Israeli Tax Ruling is expected to impose limitations on the extent to which distributions from NewMed to the Company can be retained by the Company. Further information is set out in Section B (*Israel Taxation*) of Part XV (*Taxation*), and Capricorn Shareholders are referred to the paragraph headed "*Restrictions on amount of profit which can be retained within the Company following the Combination*" in that section.

³⁸ This figure: (i) assumes an issued share capital of 315.1 million shares; (ii) takes into account the proposed related cash payment of approximately US\$15 million to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees; and (iii) assumes that there will be no adjustment based on the terms of the Business Combination Agreement and that Capricorn will have sufficient distributable reserves and cash available for this purpose at the time of payment.

³⁹ Proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

7. Readmission and Admission, and TASE secondary listing

As noted above, due to the size of the Combination relative to the size of the Company, the Combination is classified as a reverse takeover of the Company under the Listing Rules.

As a result, upon Completion, the listing of the Existing Ordinary Shares will be cancelled and Capricorn will, through the Sponsor, apply to the FCA and LSE for:

- (A) **the Existing Ordinary Shares to be readmitted upon Completion to the premium listing segment of the Official List and to trading on the main market for listed securities of the LSE; and**
- (B) **the New Ordinary Shares to be admitted upon Completion to the premium listing segment of the Official List and to trading on the main market for listed securities of the LSE.**

Applications will also be made to the ISA and the TASE for listing of the Existing Ordinary Shares and the New Ordinary Shares on the TASE, where NewMed's Participation Units are currently traded. Whilst it is the Ordinary Shares themselves which shall be listed on the TASE, on Completion, the New Ordinary Shares will settle on the TASE for NewMed Unitholders and the General Partner in the form of beneficial entitlements to the underlying New Ordinary Shares.

No such applications to the FCA, the LSE, the ISA or the TASE in respect of Readmission, Admission or listing (as applicable) have yet been made, and there is no guarantee that such applications will be accepted or that the share capital of the Company will be deemed eligible for Readmission, Admission or listing (as applicable).

8. Settlement and dealing

Upon Completion, New Ordinary Shares will be allotted to the NewMed Unitholders that hold Participation Units on the Unitholder Record Date and to the General Partner in consideration for its 0.01 per cent. equity interest in NewMed. The New Ordinary Shares will be issued credited as fully paid, free from all encumbrances and ranking rank *pari passu* in all respects with the Existing Ordinary Shares in issue at the time the New Ordinary Shares are issued pursuant to the Combination, including the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid, or any other return of value (whether by reduction of share capital or share premium account or otherwise) made, in each case by reference to a record date falling on or after the Unitholder Record Date.

Subject to Completion having taken place (and to the grant of approvals by the ISA and the TASE), the Company's enlarged ordinary share capital (comprising both Existing Ordinary Shares and New Ordinary Shares) will be admitted for listing and trading on the TASE pursuant to chapter E'3 of the Israeli Securities Law. Whilst it is the Ordinary Shares themselves which shall be listed on the TASE, on Completion, the New Ordinary Shares will settle on the TASE for NewMed Unitholders and the General Partner in the form of beneficial entitlements to the underlying New Ordinary Shares.

Therefore, on Completion, NewMed Unitholders and the General Partner shall beneficially own the New Ordinary Shares. As NewMed is a limited partnership incorporated in Israel with participation units listed on the TASE, certain special arrangements will need to be entered into before and after the Scheme becomes effective in order to facilitate such ownership of the New Ordinary Shares issued for the benefit of NewMed Unitholders and the General Partner pursuant to the Scheme. For further information on settlement of the New Ordinary Shares on the TASE, see paragraph 4.9 of Part XVIII (*Additional Information*).

Holders of Ordinary Shares will be able to move between the LSE and the TASE on an ongoing basis following Completion. It should be noted that transfers of Ordinary Shares from the LSE to the TASE or from the TASE to the LSE, regardless of whether there is a change in beneficial ownership of the Ordinary Shares, may potentially give rise to liability to UK stamp duty or SDRT (including, in the case

of transfers to the TASE, at a higher rate of 1.5 per cent.). Capricorn Shareholders wishing to effect a transfer of Ordinary Shares from the LSE to the TASE, or from the TASE to the LSE, following Completion are therefore strongly recommended to refer to the provisions of paragraph 3 (*Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*) of Part XV (*Taxation*) and to seek their own financial and tax advice before doing so.

It is expected that Readmission of the Existing Ordinary Shares and Admission of the New Ordinary Shares will become effective on the date of Completion and that dealings in the Ordinary Shares will commence on the LSE at 08.00 a.m. on that date, and on the TASE at a date and time as soon as practicable thereafter.

Further announcements will be made in respect of timing and effectiveness of: (i) Readmission of the Existing Ordinary Shares and Admission of the New Ordinary Shares to the LSE; and (ii) commencement of dealings in the Ordinary Shares on the LSE and on the TASE.

9. New Ordinary Shares

Immediately following Readmission and Admission, it is expected that Capricorn will have 3,058,955,552 fully paid Ordinary Shares in issue (none of which will be held in treasury).

If Completion occurs, it will result in the issue and allotment of 2,743,883,113 New Ordinary Shares. Existing Capricorn Shareholders will suffer an immediate dilution as a result of Admission, following which they will hold, in aggregate, approximately 10.3 per cent. of the enlarged share capital of the Combined Company.

The New Ordinary Shares have not been, and will not be, registered under the US Securities Act and 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.

10. Delek Group Rule 9 Waiver

It is anticipated that, immediately following Completion, as a result of the issue and allotment of the New Ordinary Shares, Delek Group (being the largest NewMed Unitholder) together with its concert parties, as determined in accordance with the Takeover Code, will hold Ordinary Shares carrying approximately 49.47 per cent. of the total voting rights of the Combined Company. Under Rule 9 of the Takeover Code, as Delek Group would be acquiring 30 per cent. or more of the voting rights in Capricorn, it would, except with the consent of the Takeover Panel, be obliged to make a general offer to acquire all the issued and outstanding Ordinary Shares in Capricorn.

Subject to the approval of the Rule 9 Resolution by the requisite majority of Independent Shareholders, the Takeover Panel is expected to waive the requirement under Rule 9 of the Takeover Code (as a result of Completion and the issue of the New Ordinary Shares) for a mandatory offer to be made by Delek Group, Mr. Tshuva and the Concert Party for the Ordinary Shares not already owned by Delek Group, Mr. Tshuva or the Concert Party. Accordingly, the Rule 9 Resolution is being proposed at the General Meeting and will be taken on a poll of the Independent Shareholders. The Combination is conditional on the Rule 9 Resolution being passed by the Independent Shareholders voting on a poll.

As required by the Listing Rules, Capricorn and Delek Group (and certain concert parties of Delek Group, being Delek Energy and Mr. Tshuva) have entered into a Relationship Agreement, the principal provisions of which will come into effect at Completion. The Relationship Agreement contains, among other things, undertakings from Delek Group, the purpose of which is to ensure that despite having a controlling shareholder, Capricorn is able to carry on an independent business as its main activity. Further details of the Relationship Agreement are set out in section 2.7 of this Part I (*Letter from the Chair of Capricorn*) above, and at section 7.1(B) of Part XVIII (*Additional Information*).

Other than the Principal Shareholders, the Combined Group is not expected to have any other controlling shareholders immediately following Completion.

See Part III (*Details of the Takeover Panel Rule 9 Waiver*) for more information on the Rule 9 Waiver.

11. Treatment of Unexercisable Awards

11.1 Background on participants' existing contractual rights

The existing terms of the Purchaser Discretionary Share Incentive Plans contain protections for participants (including current employees, the Executive Directors and a number of former employees) against a loss in the value of their Awards under those plans when dividends (including, in the context of the Combination, the Special Dividend) are paid at a time when those Awards are Unexercisable Awards (either because the awards are still in their "performance period", or, in respect of the 2017 LTIP, because they are in a post-vesting "holding period"). That protection is given through rights to what are known as "dividend equivalents", and/or through: (i) an adjustment in the number of Ordinary Shares underlying the Unexercisable Awards; or (ii) accelerated vesting of the Unexercisable Awards. "Dividend equivalents" accrue to participants when dividend payments are made to Capricorn Shareholders and are payable (either in cash or shares) at the future time when their Awards are ultimately exercised (either following vesting or after completion of the relevant holding period).

11.2 Negotiations with NewMed

As part of the negotiations in respect of the Business Combination Agreement, NewMed were clear that they did not wish the Combined Company to have future liability for such payments or adjustments and that the economic impact of the Special Dividend on such Unexercisable Awards should be "crystallised" and paid in cash to participants at or prior to Completion. It was therefore agreed as part of the Business Combination Agreement negotiations that the Remuneration Committee would exercise its powers under the Purchaser Discretionary Share Incentive Plans to disapply such "dividend equivalent rights" (and adjustment or accelerated vesting rights), which it is permitted to do if it is fair and reasonable to do so.

The Business Combination Agreement therefore envisages that the Company will, at Completion, make a cash payment to the holders of Unexercisable Awards under the 2017 LTIP and the ESAS to compensate them for the reduction in the value of those awards that might otherwise be reasonably considered to arise as a result of the Combination in circumstances where no dividend equivalent rights will accrue and no other adjustments to their Awards will be made to reflect the Special Dividend (the "**Award Compensation Payments**").

It is important to note, therefore, that any Award Compensation Payments are being made solely in order to compensate participants for the removal of rights that would otherwise have 'kept them whole' in respect of the payment of the Special Dividend.

11.3 Basis of calculation

The Remuneration Committee, after having taken independent advice, concluded that the aggregate value of those rights that were outstanding at the Latest Practicable Date amounted to approximately US\$15 million. This figure relates to all Unexercisable Awards that were held as at the Latest Practicable Date by a total of 212 current and former employees of the Capricorn Group.

The portion of the Award Compensation Payments that would be due to Simon Thomson and James Smith in respect of the disapplication of their contractual rights to dividend equivalent payments is expected to amount to US\$1,678,562 and US\$1,091,745 respectively.⁴⁰ Such amounts have been calculated using the same methodology and assumptions as applied to all other members of staff (and former employees) in the Capricorn Group.

11.4 Shareholder approval

Any such payments to Simon Thomson and James Smith require the approval of Capricorn Shareholders (because the existing Remuneration Policy assumes that they would benefit from dividend equivalent rights in the usual way and does not provide for circumstances where those rights are disapplied). No shareholder vote is required to enable Award Compensation Payments to be made by Capricorn to the other 210 participants in the Purchaser Discretionary Share Incentive Plans who held Unexercisable Awards as at the Latest Practicable Date.

⁴⁰ Assuming Completion occurs in Q2 2023. If Completion takes place in Q1 2023, please see section 9 of Part II (*Principal Terms and Conditions of the Combination*).

Section 9 of Part II (*Principal Terms and Conditions of the Combination*) includes further information in relation to the Award Compensation Payments and sets out the text of the resolution to amend the existing Remuneration Policy to enable Simon Thomson and James Smith to receive those payments. This resolution is independent from, and not inter-conditional with, Capricorn Shareholder approval of the Combination.

If that resolution is not approved by Capricorn Shareholders, then, under the Business Combination Agreement, and in relation to Simon Thomson and James Smith only, the “dividend equivalent rights” will not be disapplied for the Special Dividend, no Award Compensation Payment will be paid to either of them, and instead they will retain their existing dividend equivalent rights under the 2017 LTIP. This in turn will mean that, in accordance with the rules of that plan, on the subsequent exercise by either of them of a relevant award, they will receive additional value that relates to the Special Dividend.

12. General Meeting

Notice convening a General Meeting to be held at The Sheraton Grand Hotel, 1 Festival Square, Edinburgh EH3 9SR at 9.00 a.m. on 1 February 2023, at which the Resolutions will be proposed, is set out at the end of this document. The purpose of the General Meeting is to consider and, if thought fit, pass the Resolutions, as set out in full in the Notice of General Meeting.

Your attention is again drawn to the fact that the Combination is conditional and dependent upon the Transaction Resolutions being passed (in addition to other conditions which must be satisfied before the Combination can be completed). Because of the size of NewMed when compared with Capricorn, the Combination is classed as a reverse takeover under the Listing Rules and its implementation requires the approval of Capricorn Shareholders.

The Transaction Resolutions propose, in summary, that:

1. the proposed acquisition of the GP Interests and LP Interests by the Company pursuant to the Business Combination Agreement be approved, and that the Directors be authorised to take all steps and enter into all other agreements and ancillary arrangements contemplated by the Business Combination Agreement;
2. the Rule 9 Resolution be approved by Independent Shareholders;
3. the Directors be authorised to allot Ordinary Shares in the Company up to an aggregate nominal amount of £53,189,119 to be used solely for the purpose of implementing the Combination. This will provide the Directors with the necessary authority and power under the Companies Act 2006 to proceed with the issue of the New Ordinary Shares. The authority will expire at the end of business on 30 September 2023 (unless previously renewed, revoked or varied by the Company in general meeting); and
4. in accordance with the Articles, the aggregate principal amount of moneys borrowed by the Group, from and as a result of Completion, exceeding the borrowing limit specified therein be approved.

The Other Resolutions will also be proposed at the General Meeting. They propose, in summary, that:

5. the Remuneration Policy be amended to permit the payment of cash amounts to Simon Thomson and James Smith (as holders of Unexercisable Awards at Completion) as compensation for any reduction in the value of their Unexercisable Awards that might otherwise be reasonably considered to arise as a result of the Combination;
6. the 2023 Israeli Plan be approved and the Remuneration Policy be amended to permit Executive Directors of the Company to participate in the 2023 Israeli Plan;
7. the Remuneration Policy be amended to reflect the payments and benefits provided to Yossi Abu under his existing contract of employment with NewMed;

8. the terms of the Special Bonus be approved;
9. the terms of the Retention Bonus be approved; and
10. the Buyback Waiver Resolution be approved by Independent Shareholders.

Please note that the above does not set out the full text of the Transaction Resolutions and the Other Resolutions and you should read this section 12 in conjunction with the Notice of General Meeting set out in Part XXII (*Notice of General Meeting*) of this document. The Resolutions will be proposed as ordinary resolutions.

It is proposed that all votes on the Resolutions at the General Meeting will be taken by way of a poll rather than on a show of hands. The Company considers that a poll is more representative of Capricorn Shareholders' voting intentions because votes are counted according to the number of shares held and all votes tendered are taken into account. Resolutions 2 and 10 will be taken on a poll of the Independent Shareholders only, in accordance with the requirements of the Takeover Code.

See Part XXII (*Notice of General Meeting*) for further information in relation to the Resolutions to be proposed at the General Meeting.

13. Action to be taken

You will find enclosed with this document the YELLOW Form of Proxy for use at the General Meeting or at any adjournment thereof. You are requested to complete and sign the YELLOW Form of Proxy in accordance with the instructions printed on it and return it as soon as possible to, but in any event so as to be received no later than 9.00 a.m. on 30 January 2023 by the Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, or electronically via the internet. Instructions on how to do this can be found on the YELLOW Form of Proxy. You may also deliver the YELLOW Form of Proxy by hand to the Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, during usual business hours. CREST Members may also choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the notice convening the General Meeting at Part XXII (*Notice of General Meeting*) of this document. The lodging of the YELLOW Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting at the General Meeting in person if you so wish.

14. Further information

You should read the whole of this document, as well as the information incorporated by reference into this document, and not merely rely on the summarised information contained in the section of this document entitled "Summary" or this Part I (*Letter from the Chair of Capricorn*). In particular, your attention is drawn to the risk factors set out in section of this document entitled "Risk Factors" and the information set out in Part IX (*Operating and Financial Review Relating to the Capricorn Group*).

The results of the votes cast at the General Meeting will be announced as soon as possible once known through a Regulatory Information Service and on the Capricorn Group's website www.capricornenergy.com. It is expected that this will be on 1 February 2023.

15. Recommendation FOR the Combination, the Rule 9 Waiver and the Buyback Waiver

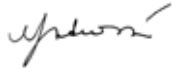
The Capricorn Board, which has received financial advice from Rothschild & Co, Goldman Sachs International and Morgan Stanley, considers the terms of the Combination and each of the Resolutions summarised above to be in the best interests of Capricorn Shareholders as a whole. In providing their advice, Rothschild & Co, Goldman Sachs International and Morgan Stanley have taken into account the commercial assessments of the Capricorn Board.

The Capricorn Board, which has been so advised by Rothschild & Co, Goldman Sachs International and Morgan Stanley in respect of the financial terms of the Combination (including the Rule 9 Waiver and the Buyback Waiver), considers the terms of the Combination (including the Rule 9 Waiver and the

Buyback Waiver), to be fair and reasonable and in the best interests of Capricorn Shareholders. In providing advice to the Capricorn Board, Rothschild & Co, Goldman Sachs International and Morgan Stanley have taken into account the commercial assessments of the Capricorn Board. Rothschild & Co is acting as independent financial adviser to Capricorn for the purposes of providing independent advice to the Capricorn Board in connection with the Combination, the Rule 9 Waiver and the Buyback Waiver under Rule 3 of the Code.

Accordingly, the Capricorn Board recommends unanimously that Capricorn Shareholders VOTE IN FAVOUR of the Resolutions required to approve and implement the Combination, the Rule 9 Waiver and the Buyback Waiver, as they intend to do (or procure to be done), in respect of their beneficial holdings, which amount to approximately 744,346 Ordinary Shares in aggregate as at the Latest Practicable Date (representing approximately 0.236 per cent. of the Company's issued share capital at the Latest Practicable Date).

Yours sincerely,



Nicoletta Giadrossi

Chair

Part II

Principal Terms and Conditions of the Combination

1. Overview

The Business Combination Agreement was entered into on 29 September 2022 between NewMed, the General Partner and Capricorn. The principal terms and conditions of the Business Combination Agreement are set out below.

2. Consideration

At Completion, (i) Capricorn shall acquire the LP Interests and the GP Interests in NewMed; and (ii) the Limited Partner shall cancel the Participation Units by terminating the Trust Agreement.

In consideration of the transfer of the LP Interests and the cancellation of the Participation Units, NewMed Unitholders as at the Unitholder Record Date will, assuming no adjustments to the exchange ratio set at signing, be entitled to receive:

for each Participation Unit

2.337344 New Ordinary Shares

In consideration for the transfer of the GP Interests, Capricorn will, assuming no adjustments to the exchange ratio set at signing, issue 274,388 New Ordinary Shares to the General Partner.

The New Ordinary Shares to be issued to the NewMed Unitholders and General Partner shall be issued credited as fully paid, free from all encumbrances and ranking *pari passu* in all respects with the Existing Ordinary Shares, except that no New Ordinary Share shall rank for any dividend or other distribution paid before, or declared by reference to a record date before, the date of its allotment and issue.

In accordance with the terms of the Business Combination Agreement, Capricorn will pay, immediately prior to Completion, the Special Dividend amounting to US\$1.92 per share⁴¹ to Capricorn Shareholders holding Ordinary Shares as at the Special Dividend Record Date. Capricorn Shareholders will receive the dividend in pounds sterling and the amount they receive per share in pounds sterling will be calculated by multiplying the declared dividend in US dollars by the achieved market currency exchange rate at the applicable time prior to payment of the Special Dividend. Capricorn has further committed an aggregate amount of approximately US\$15 million to be paid to the holders of Unexercisable Awards at Completion as compensation for any reduction in the value of their Unexercisable Awards that might otherwise be reasonably considered to arise as a result of the Combination. The Special Dividend and such cash payments would amount to an aggregate of approximately US\$620 million⁴².

The Combination is expected to result in Existing Capricorn Shareholders holding approximately 10.3 per cent. of the issued share capital of the Combined Company immediately following Completion and existing NewMed Unitholders, together with the General Partner, holding in aggregate approximately 89.7 per cent. of the Combined Company immediately following Completion.

The exchange ratio to determine the number of New Ordinary Shares to be issued by Capricorn on Completion will be adjusted in the event of certain changes to the share or unit capital of Capricorn or NewMed, respectively, or if either of such parties takes certain actions which result in an extraction of value to Existing Capricorn Shareholders or NewMed Unitholders (as applicable), excluding the Special Dividend and, in respect of NewMed, an aggregate amount of dividends in respect of each calendar quarter (starting with the calendar quarter ending 30 September 2022) in an amount not exceeding US\$55 million.

⁴¹ This figure: (i) assumes an issued share capital of 315.1 million shares; (ii) takes into account the proposed related cash payment of approximately US\$15 million to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees; and (iii) assumes that there will be no adjustment based on the terms of the Business Combination Agreement and that Capricorn will have sufficient distributable reserves and cash available for this purpose at the time of payment.

⁴² Proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

3. Conditions to Completion

The Business Combination Agreement provides that the Combination is conditional on:

- (A) approval of the Combination by Capricorn Shareholders at the General Meeting through the passing of the Transaction Resolutions, including the Rule 9 Resolution;
- (B) the Takeover Panel having waived, subject to the passing of the Rule 9 Resolution, any obligation that might fall on a person to make an offer for Capricorn under Rule 9 of the Takeover Code;
- (C) approval of the Scheme by NewMed Unitholders at the Unitholder General Meeting. The Scheme will require (i) the approval of a majority in number of NewMed Unitholders present and voting at the Unitholder General Meeting and representing at least 75 per cent. in value of the units voted at such meeting; and (ii) either (a) a simple majority of the independent NewMed Unitholders present and voting at the meeting; or (b) all of the dissenting votes in the vote from among the NewMed Unitholders specified in the preceding limb (a) not exceeding a rate of two per cent. of all of the voting rights of all NewMed Unitholders;
- (D) approval by the Israeli Minister of Justice of the application of the Scheme to NewMed as an Israeli public limited partnership (in accordance with Section 351a(b) of the Israeli Companies Law) and approval of the Scheme by the competent Israeli court;
- (E) this document having been approved by the FCA in a form approved by NewMed and Capricorn, and the Israeli Prospectus having been approved by the ISA;
- (F) approval by the FCA and the LSE of Readmission of Existing Ordinary Shares and Admission of all New Ordinary Shares to listing on the premium segment of the Official List and to trading on the LSE's main market for listed securities, respectively;
- (G) approval by the ISA and the TASE of the admission of all New Ordinary Shares and all Existing Ordinary Shares to the TASE pursuant to Chapter E'3 of the Israeli Securities Law;
- (H) obtaining relevant tax rulings from the ITA on terms reasonably satisfactory to both Capricorn and NewMed (further details of which are set out in Section B (*Israel Taxation*) of Part XV (*Taxation*));
- (I) no party (together with its concert parties, as agreed with the Takeover Panel) being entitled to receive New Ordinary Shares pursuant to the Combination which, in aggregate with any Existing Ordinary Shares already held, would cause the shareholding of such party (together with its concert parties, as agreed with the Takeover Panel) immediately after Completion, to exceed the shareholding threshold beyond which Rule 9 of the Takeover Code will cease to apply to such party;
- (J) obtaining: (i) to the extent required, antitrust clearances from the ICA; (ii) to the extent required, the relevant waivers, approvals or other such authorisations from the Egyptian Competition Authority; (iii) to the extent required, approval from the Petroleum Commissioner under the Petroleum Law in Israel; (iv) to the extent required, approval from the relevant authorities in Cyprus; (v) the North Sea Transition Authority in the UK having provided certain written confirmations relating to UK licence interests; and (vi) the receipt of any other antitrust or regulatory consents, or governmental consents, approvals or acknowledgements, in connection with the Transaction in respect of the aforementioned jurisdictions or other jurisdictions determined to be reasonably necessary by Capricorn and NewMed;
- (K) receipt of such approvals as may be required for the release of the pledges in respect of the Participation Units held by Delek Group and any of its subsidiaries;
- (L) no material adverse effect in respect of, or material non-cash asset disposal (or prospective disposal) by, the NewMed Group or Capricorn Group having occurred between signing of the Business Combination Agreement and Completion;

- (M) Euroclear having approved the admission and enablement of the New Ordinary Shares and the Existing Ordinary Shares as participating securities within CREST and Euroclear not having threatened to withdraw such approval;
- (N) no order, injunction, or applicable law having been adopted or be effective, that prohibits, or renders the Combination illegal; and
- (O) no material breach of any warranty or pre-Completion undertaking by NewMed or Capricorn having occurred prior to Completion.

Capricorn and NewMed are each required to use all reasonable endeavours to satisfy by the Longstop Date those Conditions for which they are responsible under the Business Combination Agreement.

Capricorn and NewMed have agreed detailed, bespoke cooperation, information sharing and mutual assistance provisions in connection with the satisfaction of the Conditions.

4. No Fractional Entitlements

Fractions of New Ordinary Shares will not be allotted or issued to any NewMed Unitholder or the General Partner, and entitlements will be rounded down to the nearest whole Ordinary Share. All fractions will be aggregated and sold in the market as soon as practicable after Completion. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be paid by (or on behalf of) Capricorn in due proportions to the former NewMed Unitholders or the General Partner (as applicable) who would otherwise have been entitled to such fractions, save that individual entitlements to amounts of less than £5.00 will be retained for the benefit of Capricorn.

5. Key Termination Rights

The Business Combination Agreement can be terminated prior to Completion in a number of circumstances. NewMed and Capricorn each have a right to terminate the Business Combination Agreement if, broadly summarised: (i) the directors of the other party withdraw, modify or qualify their recommendation so as to no longer recommend the Combination; (ii) the other party materially breaches or fails to perform an obligation with which it must comply in connection with the satisfaction a Condition; (iii) the other party fails to convene the relevant shareholder or unitholder meeting (as applicable) to approve the Combination by 31 May 2023 (or as otherwise agreed by Capricorn and NewMed) or postpones or adjourns such meeting in particular circumstances; (iv) there exists a material breach of a fundamental warranty or a breach of a non-fundamental warranty that is material in the context of a party's group; or (v) the other party commits a material breach of any pre-Completion undertaking.

Either NewMed or Capricorn may terminate the Business Combination Agreement if: (i) Capricorn recommends an offer by a third party announced under Rule 2.7 of the Takeover Code to acquire a majority of Ordinary Shares; (ii) NewMed enters into any acquisition agreement, merger agreement or similar agreement with a third party for the acquisition of NewMed or substantially all of NewMed's assets; or (iii) one or more of the Conditions has not been satisfied (or waived) by the Longstop Date or becomes impossible to satisfy by that time.

Pursuant to the terms of the Business Combination Agreement, the Directors and the NewMed directors have the right to amend or withdraw their recommendation of the Combination at any time if they conclude that such course of action is required as a result of the statutory or fiduciary duties to which they are subject.

6. Warranties

Capricorn and NewMed have given warranties in relation to, among other things: (i) valid incorporation (or establishment) and existence under applicable law; (ii) capacity and authority to enter into, exercise their rights under, and perform the obligations under the Business Combination Agreement; (iii) capital

structure the number of and issued Ordinary Shares or Participation Units (as applicable); (iv) the identity of, in respect of Capricorn, the Capricorn Group companies, and in respect of NewMed, the NewMed Group companies; (v) compliance with disclosure obligations and there being no undisclosed material liabilities; (vi) accounts and interim financial statements; and (vii) compliance with anti-bribery and sanction laws.

7. Covenants

The Business Combination Agreement also contains pre-Completion interim covenants. The principal pre-Completion interim covenants are summarised below:

- (A) Capricorn and NewMed will each procure that its business is carried on (i) in the ordinary course of business, and (ii) in all material respects consistent with past practice;
- (B) NewMed shall not:
 - (i) amend the terms of its constitutional documents in any material respect;
 - (ii) declare or pay an aggregate amount of dividends or other distributions in respect of each calendar quarter (starting with the calendar quarter ending 30 September 2022) in excess of US\$55 million, save as required pursuant to its constitutional documents or applicable law; or
 - (iii) discontinue or cease to operate all or a material part of its business or make any material change in the nature of its business; and
- (C) Capricorn shall not:
 - (i) issue or grant any option over or other right to subscribe for or purchase, or redeem, buy back, sub-divide, consolidate, re-denominate, convert, reduce, cancel or alter the rights attaching to, any share except in each case to or in favour of another member of the Capricorn Group;
 - (ii) save as required: (I) to pay the Special Dividend; or (II) for a wholly-owned subsidiary to pay a dividend to its shareholders, declare or pay any dividend or other distribution;
 - (iii) acquire any business, undertaking, interest or asset other than of *de minimis* value and in the ordinary course of business;
 - (iv) dispose of any business, undertaking, interest or asset except: (I) as required under applicable law or pursuant to the terms of any petroleum-related licence, concession agreement, production sharing contract, development and production lease, joint operating agreement and/or unitisation and unit operating agreement or other similar arrangements relating thereto; or (II) the sale of hydrocarbons in the ordinary course of business;
 - (v) enter into any material oil or gas sale or supply agreements (other than any such agreements that in each case are on market terms and will terminate, or can be terminated, without termination payment, prior to the Longstop Date);
 - (vi) make, or incur any expenditure commitment other than: (I) certain agreed expenditure; or (II) in the event that the Capricorn Group and its partners vote to sanction certain developments, onshore Egypt; or (III) any operational decarbonisation projects in Egypt;
 - (vii) create or incur financial debt (excluding: (I) financial debt in an amount up to US\$120 million pursuant to a receivables financings facility to be entered into on

market terms in respect of receivables from EGPC; and (II) any financial debt incurred in connection with the replacement of existing cash collateralised security posted in respect of the Capricorn Group's operations in Mexico; or

- (viii) discontinue or cease to operate all or a material part of its business or make any material change in the nature of its business.

8. Remedies

As a result of the Takeover Code's provisions on offer related arrangements and guidance received from the Takeover Panel, the Business Combination Agreement provides that for any breach of warranty, breach of pre-Completion covenant or breach of certain obligations in connection with the satisfaction of the Conditions, if (i) Capricorn is in a Code Offer Period or, (ii) the facts, matters or circumstances that give rise to the claim arose during a Code Offer Period, neither NewMed nor Capricorn will be entitled to damages (or, if relevant, specific performance) and the only remedy available will be termination in accordance with the Business Combination Agreement's termination provisions.

9. Treatment of Unexercisable Awards

9.1 Background on participants' existing contractual rights

The existing terms of the Purchaser Discretionary Share Incentive Plans contain protections for participants (including current employees, the Executive Directors and a number of former employees) against a loss in the value of their Awards under those plans when dividends (including, in the context of the Combination, the Special Dividend) are paid at a time when those Awards are Unexercisable Awards (either because the awards are still in their "performance period", or, in respect of the 2017 LTIP, because they are in a post-vesting "holding period"). That protection is given through rights to what are known as "dividend equivalents", and/or through: (i) an adjustment in the number of Ordinary Shares underlying the Unexercisable Awards; or (ii) accelerated vesting of the Unexercisable Awards. "Dividend equivalents" accrue to participants when dividend payments are made to Capricorn Shareholders and are payable (either in cash or shares) at the future time when their Awards are ultimately exercised (either following vesting or after completion of the relevant holding period).

9.2 Negotiations with NewMed

As part of the negotiations in respect of the Business Combination Agreement, NewMed were clear that they did not wish the Combined Company to have future liability for such payments or adjustments and that the economic impact of the Special Dividend on such Unexercisable Awards should be "crystallised" and paid in cash to participants at or prior to Completion. It was therefore agreed as part of the Business Combination Agreement negotiations that the Remuneration Committee would exercise its powers under the Purchaser Discretionary Share Incentive Plans to disapply such "dividend equivalent rights" (and adjustment or accelerated vesting rights), which it is permitted to do if it is fair and reasonable to do so.

The Business Combination Agreement therefore envisages that the Company will, at Completion, make the Award Compensation Payments to the holders of Unexercisable Awards under the 2017 LTIP and the ESAS to compensate them for the reduction in the value of those awards that might otherwise be reasonably considered to arise as a result of the Combination in circumstances where no dividend equivalent rights will accrue and no other adjustments to their Awards will be made to reflect the Special Dividend.

It is important to note, therefore, that any Award Compensation Payments are being made solely in order to compensate participants for the removal of rights that would otherwise have 'kept them whole' in respect of the payment of the Special Dividend.

9.3 Basis of calculation

The Remuneration Committee, after having taken independent advice, concluded that the aggregate value of those rights that were outstanding at the Latest Practicable Date amounted to approximately US\$15 million. This figure relates to all Unexercisable Awards that were held as at the Latest Practicable Date by a total of 212 current and former employees of the Capricorn Group.

The portion of the Award Compensation Payments that would be due to Simon Thomson and James Smith in respect of the disapplication of their contractual rights to dividend equivalent payments is expected to amount to US\$1,678,562 and US\$1,091,745 respectively.⁴³ Such amounts have been calculated using the same methodology and assumptions as applied to all other members of staff (and former employees) in the Capricorn Group. If Completion takes place in Q1 2023, the portion of the Award Compensation Payments that would be due to Simon Thomson and James Smith would be a maximum of US\$2,265,175 and US\$1,473,282 respectively. These maximum amounts take into account the number of Ordinary Shares under all Unexercisable Awards held by Simon Thomson and James Smith as at the Latest Practicable Date and that number may reduce between the Latest Practicable Date and the date of Completion.

9.4 Shareholder approval

Any such payments to Simon Thomson and James Smith require the approval of Capricorn Shareholders (because the existing Remuneration Policy assumes that they would benefit from dividend equivalent rights in the usual way and does not provide for circumstances where those rights are disappplied). No shareholder vote is required to enable Award Compensation Payments to be made by Capricorn to the other 210 participants in the Purchaser Discretionary Share Incentive Plans who held Unexercisable Awards as at the Latest Practicable Date.

The resolution to approve the Remuneration Policy Amendment below, to enable Simon Thomson and James Smith to receive those payments is independent from, and not conditional upon, Capricorn shareholder approval of the Combination.

If that resolution is not approved by Capricorn Shareholders, then, under the Business Combination Agreement, and in relation to Simon Thomson and James Smith only, the “dividend equivalent rights” will not be disappplied for the Special Dividend, no Award Compensation Payment will be paid to either of them, and instead they will retain their existing dividend equivalent rights under the 2017 LTIP. This in turn will mean that, in accordance with the rules of that plan, on the subsequent exercise by either of them of a relevant award, they will receive additional value that relates to the Special Dividend.

The amendment to the Remuneration Policy, which is the subject of resolution number 5 in the Notice of General Meeting, would incorporate into the Remuneration Policy the changes as set out in the underlined text below (the “**Remuneration Policy Amendment**”):

“Common Terms of Share Awards

Awards under any of the Company’s discretionary share plans referred to in this report may:

- be granted as conditional share awards or nil-cost options or in other such form that the committee determines has the same economic effect;*
- have any performance conditions applicable to them amended or substituted by the committee if an event occurs which causes the committee to determine that an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy;*

⁴³ Assuming Completion occurs in Q2 2023.

- *incorporate the right to receive an amount (in cash or additional shares) equal to the value of dividends which would have been paid on the shares under the award that vest up to the time of vesting (or, where the award is subject to a holding period, release). This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis. In the context only of the proposed acquisition of NewMed Energy – Limited Partnership by the Company, the executive directors may, subject to and conditional on completion of that acquisition, be paid, on a basis consistent with that applicable to other participants in the Company's discretionary share plans, an amount (in cash) in lieu of any right to receive any dividend equivalents in respect of the Special Dividend payable in connection with the proposed acquisition in connection with awards outstanding at completion that the executive directors would otherwise have been entitled to benefit from and/or receive at the time of vesting (or, where the award is subject to a holding period, release);*
- *be settled in cash at the committee's discretion; and*
- *be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the Company's share price."*

If the Remuneration Policy Amendment is not approved by Capricorn Shareholders, Capricorn will not be able to make the Award Compensation Payments to the Executive Directors. In those circumstances, the Remuneration Committee will not disapply the accrual of the dividend equivalent rights for the Special Dividend in respect of Unexercisable Awards under the 2017 LTIP held by the Executive Directors, who would remain entitled to receive, on exercise of the relevant Unexercisable Awards, additional value that relates to the Special Dividend.

10. Governing Law

The Business Combination Agreement is governed by English law and the parties have agreed that the courts of England have exclusive jurisdiction to settle any dispute arising from or connected with the Business Combination Agreement.

11. Inspection

A copy of the Business Combination Agreement will be available for inspection on Capricorn's website as detailed in section paragraph 18 of Part XVIII (*Additional Information*) of this document.

Part III

Details of the Takeover Panel Rule 9 Waiver

1. Background to, and reasons for, the Takeover Panel Rule 9 Waiver and the Rule 9 Resolution

1.1 Issue of New Ordinary Shares⁴⁴

It is anticipated that, immediately following Completion, as a result of the issue and allotment of the New Ordinary Shares, Delek Group Ltd. ("**Delek Group**"), the largest NewMed Unitholder, together with its concert parties, as determined in accordance with the Takeover Code, will hold, directly and indirectly, 1,513,396,314 Ordinary Shares, carrying approximately 49.47 per cent. of the total voting rights of the Combined Company. Delek Energy Systems Ltd. ("**Delek Energy**"), a wholly owned subsidiary of Delek Group, will directly own 1,193,626,693 Ordinary Shares in the Combined Company, carrying approximately 39.02 per cent. of the total voting rights of the Combined Company.

Mr Itshak Sharon Tshuva ("**Mr. Tshuva**") is the controlling shareholder of Delek Group and holds, indirectly, approximately 48.58 per cent. of Delek Group's issued share capital and approximately 50.18 per cent. of Delek Group's voting rights, in each case, as at the Latest Practicable Date. On the basis that Mr. Tshuva will have *de facto* control over Delek Group's entire (direct and indirect) shareholding in the Company, Mr. Tshuva's maximum controlling position in the Combined Company immediately after Completion is expected to be the same as Delek Group's maximum controlling position, as set out above.

As a consequence of Delek Group's shareholding in the Combined Company immediately following Completion, the Combination is conditional on a Rule 9 waiver from the Takeover Panel in order to disapply mandatory offer requirements applicable to Delek Group, Mr. Tshuva and their respective concert parties given that such shareholding will exceed the 30 per cent. trigger for a mandatory offer under the Takeover Code upon the issue and allotment of the New Ordinary Shares upon Completion (the "**Rule 9 Waiver**"). The Rule 9 Waiver will require approval by Independent Shareholders at the General Meeting voting on a poll.

The Ordinary Shares held by Delek Group, Delek Energy, Mr. Tshuva and their respective concert parties will be subject to a twelve-month lock up from Completion in accordance with, and as contemplated by, the Relationship Agreement. The respective lock-ups are subject to certain customary exemptions (as described further at paragraph 7.1(B) of Part XVIII (*Additional Information*) of this document).

1.2 Rule 9 and Rule 37 of the Takeover Code

The Takeover Code applies to the Company. Rule 9 of the Takeover Code is designed to prevent the acquisition of control of a company to which the Takeover Code applies, by any person, without a general cash offer being made to all shareholders of that company. Under Rule 9 of the Takeover Code, any person who acquires an interest in shares which, taken together with shares in which that person or any person acting in concert with that person is interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make an offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of the voting rights of the company, an offer will normally be required if any further interests in shares carrying voting rights are acquired by such person or any person acting in concert with that person.

⁴⁴ The expected shareholding figures in this section: (i) are based on the relevant entity's unitholding in NewMed as at the Latest Practicable Date; and (ii) assume that there will be no change to the number of New Ordinary Shares to be issued for each Participation Unit as at the Unitholder Record Date (as set out in the section of this document entitled "Issue Statistics"). The maximum controlling positions disclosed in this section, expressed as a percentage of the total voting rights in the Combined Company, are subject to the same assumptions as at Note 4 to the table in this document entitled "Issue Statistics".

An offer under Rule 9 must be made in cash at the highest price paid by the person required to make the offer, or any person acting in concert with such person, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

However, where the obligation to make a mandatory offer under Rule 9 of the Takeover Code might arise following an issue of new shares, the Takeover Panel will normally consent to a waiver of that obligation provided that, among other things, this is approved by a vote of Independent Shareholders, and a procedure compliant with that set out in Appendix 1 to the Takeover Code is followed.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code (although a shareholder who is neither a director nor acting in concert with a director normally will not incur an obligation to make a Rule 9 offer).

1.3 The Delek Concert Party and the Tshuva Concert Party (together forming the “Concert Party”)⁴⁵

As set out above, it is anticipated that immediately following Completion, Delek Group will hold (directly and indirectly) 1,513,396,314 Ordinary Shares in the Combined Company, carrying approximately 49.47 per cent. of the total voting rights of the Combined Company. As regards the specific breakdown of the shareholdings, it is anticipated that following Completion:

- Delek Group will directly own 139,018,221 Ordinary Shares, carrying approximately 4.54 per cent. of the total voting rights of the Combined Company;
- Delek Energy, a wholly owned subsidiary of Delek Group, will directly own 1,193,626,693 Ordinary Shares, carrying approximately 39.02 per cent. of the total voting rights of the Combined Company;
- NewMed Energy Management Ltd (“**NewMed Energy**”), a wholly owned subsidiary of Delek Group, will own 154,176,685 Ordinary Shares, carrying approximately 5.04 per cent. of the total voting rights of the Combined Company; and
- Avner Oil & Gas Ltd, in which Delek Energy owns 50 per cent. of the issued share capital, will own 26,456,586 Ordinary Shares, carrying approximately 0.86 per cent. of the total voting rights of the Combined Company.

In addition, it is anticipated that following Completion, Leora Pratt Levin, a director of Delek Energy and NewMed, will own 118,129 Ordinary Shares, carrying approximately 0.004 per cent. of the total voting rights of the Combined Company.⁴⁶

Pursuant to the Takeover Code, a “concert party” arises when persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of that company. Under the Takeover Code, “control” means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of a company.

The Takeover Code applies a presumption that a company is acting in concert with its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, with the test of associated company status being “ownership or

⁴⁵ The expected shareholding figures in this section: (i) are based on the relevant entity’s unitholding in NewMed as at the Latest Practicable Date; and (ii) assume that there will be no change to the number of New Ordinary Shares to be issued for each Participation Unit as at the Unitholder Record Date (as set out in the section of this document entitled “Issue Statistics”). The maximum controlling positions disclosed in this section, expressed as a percentage of the total voting rights in the Combined Company, are subject to the same assumptions as at Note 4 to the table in this document entitled “Issue Statistics”.

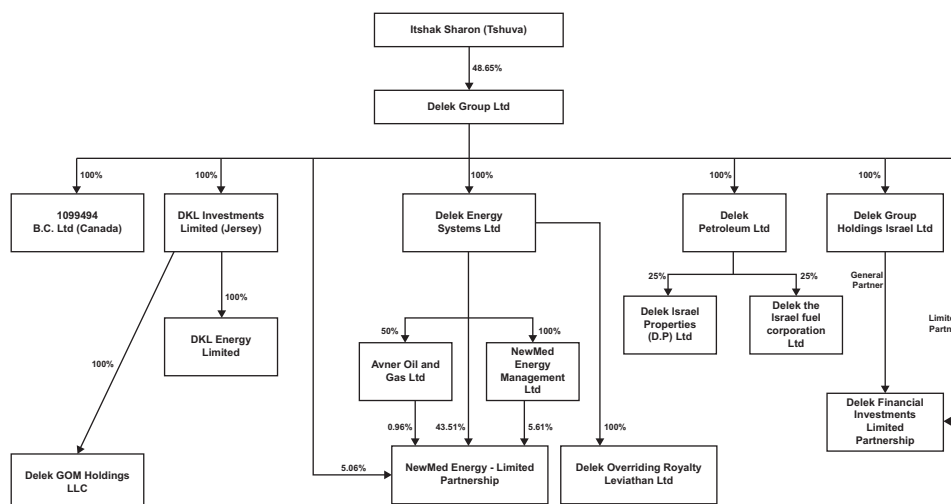
⁴⁶ The expected shareholding figure in this paragraph: (i) is based on Leora Pratt Levin’s unitholding in NewMed as at the Latest Practicable Date; and (ii) assumes that there will be no change to the number of New Ordinary Shares to be issued for each Participation Unit as at the Unitholder Record Date (as set out in the section of this document entitled “Issue Statistics”).

control of 20 per cent. or more of the equity share capital” of a company (“**Presumption 1**”). The Takeover Code also applies a presumption that a company is acting in concert with its directors (together with their close relatives and the related trusts of any of them).

The Delek Concert Party

Applying the presumptions above, the following persons are presumed to be acting in concert with Delek Group and Delek Energy and therefore have been presented in this document for presentational purposes and for ease of reference as a separate concert party, being the “**Delek Concert Party**”, notwithstanding the fact that the Delek Concert Party and the Tshuva Concert Party shall be presumed to be acting in concert in connection with the Combination and shall together form the Concert Party:

- the directors of Delek Group and Delek Energy, whose details are set out in paragraph 2.3 (Delek Directors);
- each of the following entities that fall within Presumption 1 of the Takeover Code, as illustrated by the below structure chart:
 - 1099494 B.C. Ltd
 - DKL Investments Ltd
 - Delek Energy
 - Delek Petroleum Ltd
 - Delek Group Holdings Israel Ltd
 - Delek GOM Holdings LLC
 - DKL Energy Limited
 - Ithaca Energy plc
 - Ithaca Energy (E&P) Limited
 - Delek Israel Properties (D.P) Ltd
 - Delek the Israel Fuel Corporation Ltd
 - Delek Financial Investments Limited Partnership
 - Delek Overriding Royalty Leviathan Ltd
 - Avner Oil and Gas Ltd;
 - NewMed Energy; and
 - NewMed.



Ithaca Energy plc and Ithaca Energy (E&P) Limited are entities which now sit outside the Delek group structure and are not included in the above structure chart, notwithstanding that they are part of the Delek Concert Party.

The types and registered offices of each member of the Delek Concert Party who is a company are as follows:

Member of Delek Concert Party	Type of company	Registered office
1099494 B.C. Ltd	Private limited company (Canada)	Suite 1700 - 666 Burrard Street, Vancouver, BC Canada, V6C 2X8
DKL Investments Ltd	Private limited company (Jersey)	47 Esplanade, St Helier, Jersey JE1 0BD
Delek Energy	Private limited company (Israel)	7 Giborei, Netanya 4250407, Israel
Delek Petroleum Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Delek Group Holdings Israel Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Delek GOM Holdings LLC	Private limited liability company (Delaware, USA)	575 Madison Avenue, 22nd Floor, New York, NY 10022
DKL Energy Limited	Private limited company (Jersey)	47 Esplanade, St Helier, Jersey JE1 0BD
Ithaca Energy plc	Public limited company (UK)	23 College Hill, London, EC4R 2RP, United Kingdom
Ithaca Energy (E&P) Limited	Private limited company (Jersey)	47 Esplanade, St. Helier, JE1 0BD, Jersey
Delek Israel Properties (D.P) Ltd	Private limited company (Israel)	A, Yakum, Israel, Postal Code: 6097200
Delek the Israel Fuel Corporation Ltd	Private limited company (Israel)	A, Yakum, Israel, Postal Code: 6097200
Delek Financial Investments Limited Partnership	Limited liability partnership (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Delek Overriding Royalty Leviathan Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Avner Oil and Gas Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
NewMed Energy	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
NewMed	Public limited partnership (Israel)	19 Abba Eban Boulevard, Herzliya, Israel

Details as to the composition of the Delek Concert Party

As part of Delek Group's overarching strategy, it has invested heavily in the energy sector in recent years in a number of companies and oil and gas assets that are located outside of Israel. 1099494 B.C. Ltd is a Canadian incorporated private company that is wholly owned by Delek Group. A Jersey registered company, DKL Investments Ltd is wholly owned by Delek Group.

Delek Energy, which holds a significant interest in NewMed, is also wholly owned by Delek Group. Delek Petroleum Ltd, an Israeli incorporated company, is wholly owned by Delek Group. Delek Group Holdings Israel Ltd's share capital is 100 per cent. owned by Delek Group.

Delek GOM Holdings LLC is indirectly wholly owned by Delek Group. The holding is through DKL Investments Ltd. DKL Energy Limited is also indirectly wholly owned by Delek Group with the relevant interests being held by DKL Investments Ltd.

Delek Group holds 25 per cent. of the share capital of Delek Israel Properties (D.P) Ltd indirectly through Delek Petroleum Ltd. The additional 75 per cent. of the company's share capital is held jointly by Lahav LR Real Estate Ltd, a company listed on the Tel Aviv Stock Exchange and BGM Ltd.

Delek the Israel Fuel Corporation Ltd mainly deals in the sales of fuels and lubricants and the operation of gas sites with on-site convenience stores in Israel. Delek Group has a 25 per cent. indirect holding in Delek the Israel Fuel Corporation Ltd through Delek Petroleum Ltd. The remaining 75 per cent. shareholding in Delek the Israel Fuel Corporation Ltd is held jointly by Lahav LR Real Estate Ltd.

Delek Group indirectly owns 100 per cent. of the rights of Delek Financial Investments Limited Partnership via Delek Group Holdings Israel Ltd (Delek Group Holdings Israel Ltd is the general partner of Delek Financial Investments). Delek Overriding Royalty Leviathan Ltd is a subsidiary of Delek Energy and indirectly wholly owned by Delek Group.

Ithaca Energy plc is an oil and gas development and production company operating on the United Kingdom continental shelf. On 14 November 2022, the entire issued ordinary share capital of Ithaca Energy plc was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the main market of LSE. Delek Group is the controlling shareholder of Ithaca Energy plc (see paragraph 2.4(B) of this Part III (*Details of the Takeover Panel Rule 9 Waiver*) for further details of the relationship agreement between Delek Group and Ithaca Energy plc), and Ithaca Energy (E&P) Limited is a wholly owned subsidiary of Ithaca Energy plc.

The Tshuva Concert Party

Mr. Tshuva is the ultimate controlling shareholder of Delek Group and holds approximately 48.58 per cent. of Delek Group's issued share capital and approximately 50.18 per cent. of the voting rights in Delek Group. On the basis that Mr. Tshuva will have *de facto* control over Delek Group's entire (direct and indirect) shareholding in the Company, for the purposes of the Takeover Code he is acting in concert with Delek Group in connection with the Combination.

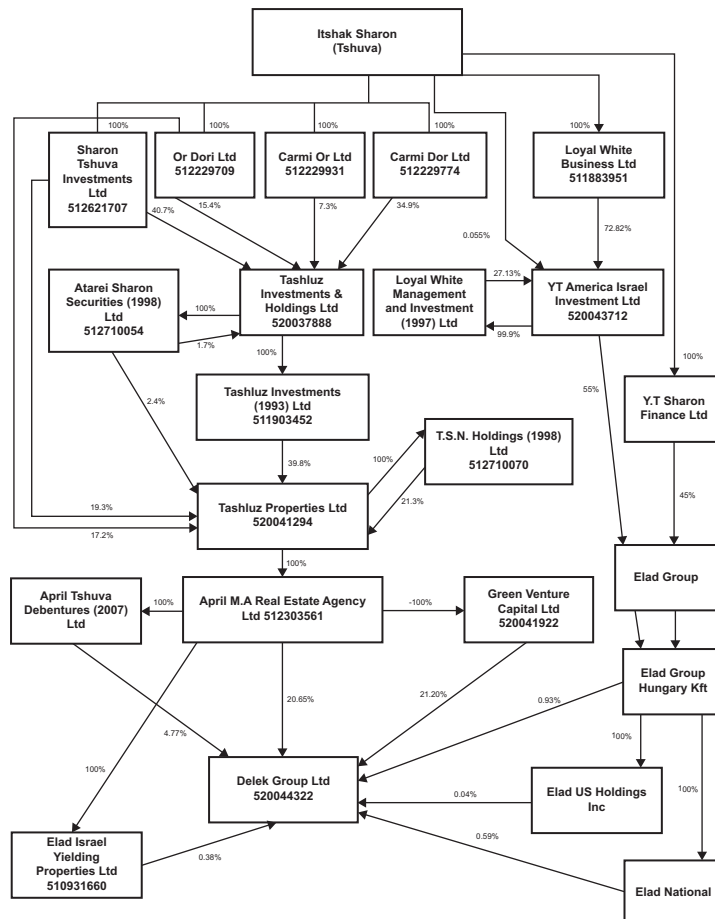
Mr. Tshuva has been a director of Delek Group since 18 September 2014. He provides management advice to the Delek leadership team and promotes the interests and business of the Delek Group in Israel and other jurisdictions.

Mr. Tshuva is a strategic investor and has significant shareholdings in both public and private companies in the real estate and energy sectors. There are a number of companies within the corporate group of Mr. Tshuva, further details of which are set out below.

A number of entities within the corporate group of Mr. Tshuva hold shares in Delek Group, as illustrated by the structure chart set out below. Given the distinction between these entities, which do not form part of the Delek Group's corporate group, and the entities which constitute the Delek Concert Party, which do form part of Delek Group's corporate group, the below entities, which are presumed to be acting in concert with Mr. Tshuva in accordance with Presumption 1 of the Takeover Code, have been presented in this document for presentational purposes and for ease of reference as a separate concert party, being the **"Tshuva Concert Party"**, notwithstanding the fact that all the persons in the Tshuva Concert Party and the Delek Concert Party shall be presumed to be acting in concert in connection with the Combination and shall together form the Concert Party:

- Mr. Tshuva
- Sharon Tshuva Investments Ltd
- Or Dori Ltd
- Carmi Or Ltd
- Carmi Dor Ltd

- Loyal White Business Ltd
- Atarei Sharon Securities (1998) Ltd
- Tashluz Investments & Holdings Ltd
- Loyal White Management and Investment (1997) Ltd
- Y.T. America Israel Investment Ltd
- Y.T. Sharon Finance Ltd
- Tashluz Investments (1993) Ltd
- Tashluz Properties Ltd
- T.S.N. Holdings (1998) Ltd
- April Tshuva Debentures (2007) Ltd
- April M.A Real Estate Agency Ltd
- Green Venture Capital Ltd
- Elad Group Hungary Kft
- Elad US Holdings Inc
- Elad National Properties LLC
- El-Ad Group SARL
- Elad Israel Yielding Properties Ltd



The types and registered offices of each member of the Tshuva Concert Party who is a company are as follows:

Member of Tshuva Concert Party	Type of company	Registered office
Sharon Tshuva Investments Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Or Dori Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Carmi Or Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Carmi Dor Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Loyal White Business Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Atarei Sharon Securities (1998) Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Tashluz Investments & Holdings Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Loyal White Management and Investment (1997) Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Y.T. America Israel Investment Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Y.T. Sharon Finance Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Tashluz Investments (1993) Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Tashluz Properties Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
T.S.N. Holdings (1998) Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
April Tshuva Debentures (2007) Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
April M.A Real Estate Agency Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Green Venture Capital Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel
Elad Group Hungary Kft	Private limited company (Hungary)	1134 Budapest, Váci út 33. 6. em.
Elad US Holdings Inc	Private corporation (Delaware, USA)	575 Madison Avenue, 22nd Floor, New York, NY 10022
Elad National Properties LLC	Private limited liability company (Florida, USA)	150 E. Palmetto Park Road, Suite 400 Boca Raton, Florida 33432
El-Ad Group SARL	Private limited company (Luxembourg)	23, Rue Aldringen, L-1118, Luxembourg
Elad Israel Yielding Properties Ltd	Private limited company (Israel)	19 Abba Eban Boulevard, Herzliya, Israel

Details as to the composition of the Tshuva Concert Party

Mr. Tshuva holds 100 per cent. of the issued share capital of Sharon Tshuva Investments Ltd. In addition, Mr. Tshuva holds 100 per cent. of the issued share capital of each of Or Dori Ltd, Carmi Or Ltd and Carmi Dor Ltd. Tashluz Investments & Holdings Ltd is indirectly wholly owned by Mr. Tshuva via each of Sharon Tshuva Investments Ltd (which holds 40.7 per cent. of the company's share capital), Or Dori Ltd (an entity that holds 15.4 per cent. of the company's share capital), Carmi Or Ltd (an entity that holds 7.3 per cent. of the company's share capital), Carmi Dor Ltd (which holds 34.9 per cent. of the company's share capital) and Atarei Sharon Securities (1998) Ltd (an entity that holds 1.7 per cent. of the company).

Atarei Sharon Securities (1998) Ltd is indirectly wholly owned by Mr. Tshuva as Tashluz Investments & Holdings Ltd holds 100 per cent. of the company's issued share capital. Tashluz Investments (1993) Ltd is also indirectly wholly owned by Mr. Tshuva through Tashluz Investments & Holdings Ltd. Loyal White Business Ltd (which is wholly owned by Mr. Tshuva. Owns 72.82 per cent. of Y.T. America Israel Investments Ltd. Mr. Tshuva directly holds 0.055 per cent. of the shares in Y.T. America Israel Investments Ltd, with Loyal White Management and Investment (1997) Ltd holding 27.13 per cent. of the company's issued share capital. Y.T. America Israel Investments Ltd owns 99.9 per cent. of the issued share capital of Loyal White Management and Investment (1997) Ltd.

There are a number of other corporate entities within the group controlled by Mr. Tshuva. The entire issued share capital of Y.T. Sharon Finance Ltd is directly held by Mr. Tshuva. Mr. Tshuva indirectly controls Elad Group Hungary Kft. Y.T. America Israel Investments Ltd holds 55 per cent. of the company's issued share capital (indirectly through Elad Group) and Y.T. Sharon Finance Ltd is an entity that holds 45 per cent. of the company's issued share capital (again, indirectly through Elad Group). Tashluz Properties Ltd is indirectly controlled by Mr. Tshuva. Or Dori Ltd owns 17.2 per cent. of the share capital in the company. Sharon Tshuva Investments Ltd owns 19.3 per cent. of the share capital of the company. Atarei Sharon Securities (1998) Ltd owns 2.4 per cent. of the share capital of the company. Tashluz Investments (1993) Ltd also owns 39.8 per cent. of the share capital of the company with an additional 21.3 per cent. of the share capital being held by T.S.N. Holdings (1998) Ltd.

T.S.N. Holdings (1998) Ltd is owned by Tashluz Properties Ltd.

April M.A Real Estate Agency Ltd is indirectly controlled by Mr. Tshuva with the company's share capital being owned by Tashluz Properties Ltd. April M.A Real Estate Agency Ltd owns circa 100 per cent. of the issued share capital of Green Venture Capital Ltd. April M.A. Real Estate Agency Ltd is an Israeli private company incorporated on 25 March 1996 and Green Venture Capital Ltd is an Israeli private company incorporated on 6 March 1990. Both April M.A. Real Estate Agency Ltd and Green Venture Capital Ltd are engaged in the management and initiation of real estate and financial investments (including, in the case of April M.A. Real Estate Agency Ltd, the provision of loans to related companies).

April M.A Real Estate Agency Ltd also holds 100 per cent. of Elad Israel Yielding Properties Ltd. In addition, April M.A Real Estate Agency Ltd owns 100 per cent. of the issued share capital of April Tshuva Debentures (2007) Ltd.

1.4 Rule 9 Waiver in respect of the mandatory offer obligation arising upon Completion in relation to the interest in Ordinary Shares

Immediately following Completion, Delek Group, Mr. Tshuva and the members of the Concert Party will be interested in shares carrying more than 30 per cent. of the voting rights of the Company, but will not hold shares carrying more than 50 per cent. of the voting rights of the Company. For so long as they continue to be acting in concert, any increase in their aggregate interest in shares will be subject to the provisions of Rule 9.

As a result of the issue of the New Ordinary Shares to NewMed Unitholders upon Completion, Delek Group will hold, directly and indirectly, more than 30 per cent. of the voting rights of the Combined Company and, under Rule 9 of the Takeover Code, a mandatory offer would, except with the consent of the Takeover Panel, be required to be made by Delek Group, Mr. Tshuva and the Concert Party for the Ordinary Shares not already owned by Delek Group, Mr. Tshuva or the Concert Party.

Subject to approval of the the Rule 9 Resolution by the Independent Shareholders, the Takeover Panel is expected to waive the requirement under Rule 9 of the Takeover Code (as a result of Completion and the issue of the New Ordinary Shares) for a mandatory offer to be made by Delek Group, Mr. Tshuva and the Concert Party for the Ordinary Shares not already owned by Delek Group, Mr. Tshuva or the Concert Party. Accordingly, the Rule 9 Resolution is being proposed at the General Meeting and will be taken on a poll of the Independent Shareholders.

The Combination is conditional on the Rule 9 Resolution being passed by the Independent Shareholders voting on a poll.

1.5 Buyback Waiver in respect of the mandatory obligation arising following a buyback of Ordinary Shares

At the 2022 AGM, Capricorn Shareholders approved the authority for Capricorn to repurchase Ordinary Shares representing up to 14.99 per cent. of Capricorn's issued ordinary share capital as at 25 March 2022, as more particularly described in resolution 16 of the Company's notice of annual general meeting for the 2022 AGM (the "**Buyback Authority**").

If the Buyback Authority is utilised after Completion and Delek Group and the relevant members of the Concert Party were not to participate *pro rata* to their interests in Ordinary Shares such that the percentage of Ordinary Shares in which Delek Group, Mr. Tshuva and the Concert Party are interested would increase after the completion of such buyback, under Rule 9 and Rule 37 of the Takeover Code, a mandatory offer would, except with the consent of the Takeover Panel, be required to be made by Delek Group, Mr. Tshuva and the Concert Party for the Ordinary Shares not already owned by Delek Group, Mr. Tshuva or the Concert Party.

It is anticipated that, immediately following Completion, Delek Group, together with the Concert Party, will hold Ordinary Shares carrying approximately 49.47 per cent. of the total voting rights of the Combined Company. If the Buyback Authority is utilised after Completion and Delek Group and the Concert Party were not to participate *pro rata* to their interests in Ordinary Shares then this could result in Delek Group and members of the Concert Party holding shares carrying, in aggregate, more than 50 per cent. of the voting rights of the Company as a result of the exercise of the Buyback Authority. Accordingly, they could (for so long as they continue to be acting in concert) increase their aggregate interests in shares without incurring any obligation to make an offer under Rule 9, although individual members of the Concert Party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent.

If the Combined Company were to exercise the remainder of the Buyback Authority in full, then, provided no shares are acquired from Delek Group or the Concert Party pursuant to the buyback, the resulting reduction in the Combined Company's issued share capital would increase the voting rights of Delek Group and the Concert Party to 50.55 per cent. of the issued share capital of the Combined Company (excluding any shares held in treasury and assuming no further issues of Ordinary Shares).

Subject to approval of the Buyback Waiver Resolution by the Independent Shareholders, the Takeover Panel is expected to waive the requirement under Rule 9 and Rule 37 of the Takeover Code for a mandatory offer to be made by Delek Group, Mr. Tshuva and the Concert Party for the Ordinary Shares not owned by Delek Group, Mr. Tshuva and the Concert Party as a result of any exercise by the Combined Company of the Buyback Authority following Completion. Accordingly, the Buyback Waiver Resolution is being proposed at the General Meeting and will be taken on a poll of the Independent Shareholders.

1.6 The Rule 9 Resolution and the Buyback Waiver Resolution

Capricorn therefore proposes that the Independent Shareholders approve the Rule 9 Resolution, to be taken on a poll at the General Meeting, as set out at Resolution 2 in Part XXII (*Notice of General Meeting*). If the Rule 9 Resolution is passed by the requisite majority, the obligation on Delek Group, Mr. Tshuva and all members of the Concert Party to make a mandatory offer under Rule 9 of the Takeover Code arising as a result of the issue of the New Ordinary Shares at Completion as set out above will be waived.

All the Transaction Resolutions, including the Rule 9 Resolution, must be passed in order for the Combination to be implemented. All Transaction Resolutions will be taken on a poll.

Capricorn also proposes that the Independent Shareholders approve the Buyback Waiver Resolution, to be taken on a poll at the General Meeting, as set out at Resolution 10 in Part XXII (*Notice of General Meeting*). If the Buyback Waiver Resolution is passed by the requisite majority, the obligation

on Delek Group, Mr. Tshuva and all members of the Concert Party to make a mandatory offer under Rule 9 of the Takeover Code arising as a result of any exercise by the Combined Company of the Buyback Authority following Completion will be waived.

In the event the Rule 9 Resolution and/or the Buyback Waiver Resolution is passed, Delek Group and the Delek Concert Party will not be restricted from making an offer for Capricorn under the Takeover Code.

Pursuant to the Delek Voting Undertaking (see paragraph 7.2(A) of Part XVIII (*Additional Information*)), Delek Group and the Delek Concert Party are restricted from acquiring additional Participation Units and neither Delek Group nor any person acting in concert with it (excluding NewMed and its subsidiary undertakings) shall acquire Ordinary Shares in an amount which would cause Delek Group and any member of the Delek Concert Party to, immediately following Completion, together hold greater than 50 per cent. of the aggregate number of Ordinary Shares in issue at that time.

The Takeover Panel's waivers will be invalidated if any purchases of Ordinary Shares are made by Delek Group, Mr. Tshuva or any member of the Concert Party, in the period between the date of this document and the General Meeting. Pursuant to the Business Combination Agreement, NewMed has undertaken that it shall not, and shall procure that its concert parties (excluding Delek Group and each of its subsidiary undertakings apart from the NewMed Group) shall not, during the period from the date of the Business Combination Agreement and ending immediately prior to Completion acquire an interest in Ordinary Shares if such acquisition would be considered a disqualifying transaction under paragraph 3 of Appendix 1 of the Takeover Code, subject to limited exceptions.

2. Information on Delek Group and Delek Energy

2.1 Nature of business

(A) Delek Group

Delek Group was incorporated in Israel on 26 October 1999, for the purpose of implementing a reorganisation of Delek The Israel Fuel Corporation Ltd. ("**Delek Israel**") which was founded in 1951, in which Delek Israel assigned and transferred to Delek Group, *inter alia*, all its rights and interests in NewMed including its overriding royalties interests under the 1993 Agreement. Delek Group is a public company engaged in the exploration, development, production and marketing of oil and gas in: (i) the UK North Sea (through its investment in the Ithaca Energy group); and (ii) Israel and Cyprus (through its investment in NewMed). From Delek Israel's founding in the 1950s until 2013, Delek Group was a conglomerate that managed diversified holdings in both energy and other sectors. In the late 1990s, Delek Group initiated accelerated exploration activities in the Eastern Mediterranean region offshore Israel, activities which produced a number of major natural gas discoveries in the 2000s, including the Leviathan Field. As a result of these discoveries, Delek Group decided to divest all its non-energy-related assets and become a pure play oil and gas exploration and production company. In June 2017, Delek Group completed the acquisition of 100 per cent. of the share capital of the entity now called Ithaca Energy (E&P) Limited, an oil and gas operator focused on the UK North Sea with proven experience in offshore drilling. Delek Group continues to seek out additional synergistic and strategic opportunities, especially in North America. Delek Group's shares are traded on the TASE under the ticker "DLEKG" and are part of the TA 35 Index. Delek Group's registered address is 19 Abba Eban Boulevard, Herzliya, Israel. An English translation of Delek Group's articles of association will be made available at <https://ir.delek-group.com/> by 12 noon on the first business day following publication of this document.

(B) Delek Energy

Delek Energy was incorporated in Israel in 1981 and is now a wholly owned subsidiary of Delek Group. Delek Energy acts as a vehicle which directly holds the majority of Delek Group's overall interests in NewMed and also owns 100 per cent. of the share capital of Delek Overriding Royalty Leviathan Ltd, a special purpose subsidiary which holds the rights to receive certain royalties from NewMed (as further described in Part VI (*Information on the NewMed Group*)) of this document, and which has issued debentures to classified foreign and Israeli investors guaranteed by the lien on the right to royalties from the Leviathan Field. Delek Energy's registered address is 19 Abba Eban Boulevard, Herzliya, Israel.

2.2 Financial information

(A) Delek Group

As at the Latest Practicable Date, Delek Group had a market capitalisation of approximately £1.7 billion equivalent.⁴⁷

On 30 November 2022, Delek Group released its unaudited financial statements for Q3 2022, which are available on its website at <https://ir.delek-group.com/financial-results-center/>.

More financial information about Delek Group can be found on its website, <https://ir.delek-group.com/financial-results-center/>, including copies of: (i) its audited consolidated accounts for the last two financial years; and (ii) its unaudited financial statements for Q1 2022 and Q2 2022. The documents referred to in this paragraph 2.2(A) are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code.

Delek Group currently prepares consolidated financial statements that include the earnings, assets and liabilities of NewMed. After Completion, Delek Group expects to continue to consolidate the financial information of NewMed and there is not therefore expected to be a decrease in its earnings, assets and liabilities.

(B) Delek Energy

Delek Energy is not required under the laws of Israel to make its accounts publicly available and, accordingly, Delek Energy is not providing details of its historical financial information in this document.

2.3 Delek Directors

(A) Delek Group

The directors of Delek Group and their functions are as follows:

Name	Function
Ehud Erez	Chairman
Itshak (Sharon) Tshuva	Director
Roni Ron Milo	Independent Director
Shimon Doron	Independent and External Director
Ruth Dahan Portnoy	Independent and External Director

(B) Delek Energy

The directors of Delek Energy and their functions are as follows:

Name	Function
Idan Wallace	Director
Tamir Polikar	Director
Leora Pratt Levin	Director

2.4 Material contracts

Save as disclosed below and, in relation to NewMed only, Section 7.2 of Part XVIII (“Material Contracts – NewMed”) of this document, during the period beginning two years preceding the date of this document and ending on the Latest Practicable Date, Delek Group and its subsidiaries have not entered into any material contracts otherwise than in the ordinary course of business.

⁴⁷ Based on a ISR: GBP rate as at 11 January 2023.

(A) DKL Energy Limited – Underwriting and Sponsors’ Agreement in connection with the Ithaca Energy plc IPO

Ithaca Energy plc, the directors of Ithaca Energy plc, DKL Energy Limited (as a subsidiary of DKL Investments Limited (Jersey) and a selling shareholder pursuant to an over-allotment option), and ING, BofA Securities, HSBC and Jefferies (as underwriters) entered into an underwriting and sponsors’ agreement on 9 November 2022 in connection with the initial public offering of Ithaca Energy plc.

The underwriters severally agreed, subject to certain conditions, to procure subscribers for the new ordinary shares being issued by Ithaca Energy plc, or failing which, themselves to subscribe for or purchase such shares at the offer price.

An over-allotment option was granted by DKL Energy Limited to Goldman Sachs International as stabilising manager, pursuant to which it could purchase, or procure purchasers for, up to 15,000,000 ordinary shares of Ithaca Energy plc at the offer price of 250 pence per share for the purposes of covering short positions arising from over-allocations, if any.

DKL Energy Limited have provided certain representations, warranties and undertakings, subject to certain limits, to the underwriters. The agreement also provides for the underwriters to be paid commissions in respect of any over-allotment shares sold by DKL Energy Limited following the exercise of the over-allotment option.

(B) Delek Group – Relationship Agreement in connection with the Ithaca Energy plc IPO

As Delek Group is a controlling shareholder of Ithaca Energy plc for the purposes of the Listing Rules (holding around 90 per cent. of Ithaca Energy plc’s issued ordinary share capital), Ithaca Energy plc entered into a relationship agreement with Delek Group.

The relationship agreement contains customary undertakings from Delek Group. If and for so long as Delek Group and its affiliates hold at least 20 per cent. of the ordinary shares of Ithaca Energy plc, it will have the right to nominate up to a maximum of two non-executive directors to the board of Ithaca Energy plc and, for so long as Delek Group and its affiliates hold at least 10 per cent. of the ordinary shares of Ithaca Energy plc, it will have the right to nominate up to a maximum of one non-executive director to the board of Ithaca Energy plc.

In addition, if and for so long as Delek Group and its affiliates hold at least 50 per cent. of the ordinary shares of Ithaca Energy plc, it will have the right to appoint one observer to attend and observe the committee meetings of each of the Remuneration Committee and Audit and Risk Committee of Ithaca Energy plc and have the right to nominate one director to the Nomination and Governance Committee.

(C) Business Combination Agreement

As set out in Part II (*Principal Terms and Conditions of the Combination*) of this document, excluding paragraphs 9.1, 9.3 and 9.4.

(D) Relationship Agreement

A summary of the Relationship Agreement is set out in paragraph 7.1(B) of Part XVIII (*Additional Information*) of this document.

(E) Delek Voting Undertaking

A summary of the Delek Voting Undertaking is set out in paragraph 7.2(A) of Part XVIII (*Additional Information*) of this document.

3. Interests and dealings

3.1 Definitions

For the purposes of this paragraph 3:

- (A) **“acting in concert”** has the meaning given to it in the Takeover Code;
- (B) an **“Arrangement”** includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (C) **“control”** means an interest, or interests in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company, which are exercisable at a general meeting irrespective of whether such interest or interests give de facto control;
- (D) **“dealing”** or **“dealt”** includes the following:
 - (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities or of general control of securities;
 - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
 - (iii) subscribing or agreeing to subscribe for relevant securities;
 - (iv) the exercise or conversion, whether in respect of new or existing securities, of any relevant securities carrying conversion or subscription rights;
 - (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
 - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities;
 - (viii) the redemption or purchase of, or taking or exercising an option over, any of its own relevant securities by Capricorn or an offeror; and
 - (ix) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which the person has a short position;
- (E) **“derivative”** includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (F) **“disclosure period”** means the period of 12 months ending on the Latest Practicable Date;
- (G) **“financial collateral arrangements”** means a security financial collateral arrangement which provides a right for the collateral-taker to use and dispose of relevant securities as if it were the owner of those relevant securities, or a title transfer collateral arrangement in respect of relevant securities;
- (H) **“relevant securities”** means securities which comprise equity share capital (or derivatives referenced thereto) and securities convertible into rights to subscribe for and options (including traded options) in respect of any such securities;

- (I) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery; and
- (J) a person is treated as “**interested**” in securities if the person has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as “interested” in securities if the person:
 - (i) owns them;
 - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
 - (iii) by virtue of any agreement to purchase, option or derivative:
 - (a) has the right or option to acquire them or call for their delivery; or
 - (b) is under an obligation to take delivery of them,
 whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (iv) is party to any derivative:
 - (a) whose value is determined by reference to their price; and
 - (b) which results, or may result, in his having a long position in them.

3.2 Interests and dealings – Delek Group, Mr. Tshuva and members of the Concert Party

As at the close of business on the Latest Practicable Date, save as disclosed in this document:

- (A) none of Delek Group, the directors of Delek Group or Delek Energy (including any of such directors’ close relatives or related trusts), Mr. Tshuva (including his close relatives or related trusts), any other member of the Concert Party, or any person with whom any person listed above has an Arrangement, had an interest in or a right to subscribe for, or had any short position in any relevant securities of Capricorn, nor had any such person dealt in such securities during the disclosure period;
- (B) none of Delek Group, the directors of Delek Group or Delek Energy (including any of such directors’ close relatives or related trusts), Mr. Tshuva (including his close relatives or related trusts) or any other member of the Concert Party had borrowed or lent any relevant securities of Capricorn (including any financial collateral arrangements), save for any borrowed shares which have either been on-lent or sold;
- (C) none of Delek Group, the directors of Delek Group or Delek Energy (including any of such directors’ close relatives or related trusts), Mr. Tshuva (including his close relatives or related trusts) or any other member of the Concert Party has entered into an agreement, arrangement or understanding (including any compensation arrangement) with any of the directors, recent directors, shareholders or recent shareholders of Capricorn, or any other person interested or recently interested in Ordinary Shares, having any connection with or dependence upon the outcome of the Combination; and
- (D) none of Delek Group, the directors of Delek Group or Delek Energy (including any of such directors’ close relatives or related trusts), Mr. Tshuva (including his close relatives or related trusts) or any other member of the Concert Party has entered into an agreement, arrangement

or understanding to transfer any securities acquired in pursuance of the Combination to any other persons.

3.3 Interests and dealings – Capricorn and its concert parties

As at the close of business on the Latest Practicable Date:

- (A) none of Capricorn or the Directors had an interest in or a right to subscribe for, or had any short position in any relevant securities of Delek Group, nor had any such person dealt in such securities during the disclosure period;
- (B) save as set out at paragraph 2.1 of Part XVI (*Directors, Employees and Corporate Governance*), none of Capricorn, the Directors (together with their close relatives and related trusts), members of the Capricorn Group or the other parties acting in concert with Capricorn (as set out at paragraph 12 of Part XVIII (*Additional Information*) of this document), or any person with whom any person listed above has an Arrangement, had an interest in or a right to subscribe for, or had any short position in any relevant securities of Capricorn, nor had any such person dealt in such securities during the disclosure period; and
- (C) none of Capricorn, the Directors (together with their close relatives and related trusts), members of the Capricorn Group or the other parties acting in concert with Capricorn (as set out at paragraph 12 of Part XVIII (*Additional Information*) of this document), had borrowed or lent any relevant securities of Capricorn (including any financial collateral arrangements), save for any borrowed shares which have either been on-lent or sold.

3.4 Disclosures on interests and dealings – Delek Group, Mr. Tshuva and their concert parties

Delek Group intends to create security interests over or in respect of some or all the New Ordinary Shares that will be held by it and its subsidiaries in favour of certain bondholders or financial institutions in order to secure debentures entered into by Delek Group and its subsidiaries which are in force from time to time (as contemplated by and in accordance with the provisions of the Relationship Agreement).

Delek Group has issued certain series of bonds in the Israeli market secured by approximately 623 million Participation Units owned by Delek Group and its subsidiaries, which constitute approximately 53.06 per cent. of NewMed's unit capital as at the Latest Practicable Date (the "Existing Delek Pledges"). In respect of the above, Delek Group is considering how best to procure the release the relevant Existing Delek Pledges to facilitate satisfaction of the relevant condition to Completion (including by refinancing such bonds or obtaining bondholder consent, which in either case would be expected to result in a substantially similar pledge over some or all of the New Ordinary Shares received by Delek Group and its subsidiaries at Completion).

4. Intentions of Delek Group, Delek Energy and Mr. Tshuva regarding the Combined Group

Delek Group, Delek Energy and Mr. Tshuva are supportive of the Combination and its rationale as set out in paragraph 2 of Part I (*Letter from the Chair of Capricorn*) of this document, and each believe that their proposed investment in the Combined Group has the potential to deliver long-term growth.

Following Completion, the ongoing relationship between: (i) Delek Group, Delek Energy and Mr. Tshuva; and (ii) the Combined Group, will be governed by the terms of the Relationship Agreement, the principal purpose of which is to ensure that the Combined Group is capable of carrying out its business independently of Delek Group, Mr. Tshuva and their respective associates. Each of Delek Group, Delek Energy and Mr. Tshuva will be bound by, and intend to comply with, the terms of the Relationship Agreement. Neither Delek Group nor Delek Energy will be providing any support to the Combined Group from Completion.

Each of Delek Group, Delek Energy and Mr. Tshuva confirm that they do not intend to be involved in the day-to-day management of the Combined Group's business and, accordingly, they do not intend to seek or implement any changes regarding:

- (A) the future business of Capricorn, including its intentions for any research and development functions of Capricorn;

- (B) the continued employment of the employees and management of Capricorn and its subsidiaries, including any material change in the conditions of employment or in the balance of the skills and functions of the employees and management (although Capricorn itself launched a voluntary redundancy programme for its UK-based employees, as set out in more detail at paragraph 2.3 of Part I (*Letter from the Chair of Capricorn*);
- (C) the strategic plans of Capricorn, and their likely repercussions on employment and on the locations of Capricorn's places of business, including on the location of Capricorn's headquarters and headquarters' functions;
- (D) employer contributions into Capricorn's pension scheme(s) (including with regard to current arrangements for the funding of any scheme deficit), the accrual of benefits for existing members, and the admission of new members;
- (E) any redeployment of the fixed assets of Capricorn; or
- (F) the continuation of the Ordinary Shares being admitted to trading on the LSE's main market for listed securities.

In accordance with Rule 16.2(a) of the Takeover Code, each of Delek Group, Delek Energy and Mr. Tshuva confirm that they have proposed no incentivisation arrangements with members of Capricorn's management who are interested in shares in Capricorn.

In accordance with the requirements of Rule 24.2(c) of the Takeover Code, Delek Group confirms that it does not intend to seek or implement, as a result of the Combination, any changes regarding:

- (A) the continued employment of the employees and management of Delek Group and its subsidiaries, including any material change in the conditions of employment or in the balance of the skills and functions of the employees and management; or
- (B) the strategic plans of Delek Group and their likely repercussions on employment and on the locations of Delek Group's places of business, including on the location of Delek Group's headquarters and headquarters functions.

Delek Energy separately confirms, in accordance with the requirements of Rule 24.2(c) of the Takeover Code, that it does not intend to seek or implement, as a result of the Combination, any changes regarding:

- (A) the continued employment of the employees and management of Delek Energy and its subsidiaries, including any material change in the conditions of employment or in the balance of the skills and functions of the employees and management; or
- (B) the strategic plans of Delek Energy and their likely repercussions on employment and on the locations of Delek Energy's places of business, including on the location of Delek Energy's headquarters and headquarters functions.

5. Other agreements, arrangements or commitments permitted under, or excluded from, Rule 21.2 of the Takeover Code

On 7 July 2022, Capricorn and NewMed entered into a confidentiality agreement (the "**July Confidentiality Agreement**") pursuant to which Capricorn and NewMed undertook, among other things, to keep certain information relating to Capricorn, NewMed and the proposed Combination confidential and not to disclose it to third parties (other than certain permitted parties) unless required by law or regulation, among other exceptions. The July Confidentiality Agreement terminated upon entry by Capricorn and NewMed into the Business Combination Agreement.

On 2 November 2022, Capricorn and NewMed entered into a separate confidentiality agreement (the "**November Confidentiality Agreement**"), pursuant to which Capricorn and NewMed undertook,

among other things, to keep certain information relating to Capricorn, NewMed and the proposed Combination confidential and not to disclose it to third parties (other than certain permitted parties) unless required by law or regulation, among other exceptions. The November Confidentiality Agreement shall terminate upon the earlier of: (i) the date that is two years after the date of the November Confidentiality Agreement; and (ii) the Completion Date (as defined in the Business Combination Agreement).

6. Ratings information

The current credit ratings publicly accorded to Delek Group by Maalot S&P and Midroog are as follows:

<i>Rating agency</i>	<i>Short-term rating</i>	<i>Long-term rating</i>	<i>Outlook</i>
S&P Maalot		IIBBB+	Stable
Midroog (for Bond series 31, 34)		Baa1.il	Stable

There are no current credit ratings publicly accorded to Capricorn.

7. Middle market quotations for Ordinary Shares

Set out below are the middle market quotations for an Ordinary Share as derived from the Daily Official List of the LSE, for the first business day of each of the six months set out below and for the Latest Practicable Date:

Date	Price per existing ordinary share
01 August 2022	219.50p
01 September 2022	234.20p
03 October 2022	243.10p
01 November 2022	251.60p
01 December 2022	252.70p
03 January 2023	252.30p

Source: Bloomberg on 11 January 2023.

8. Details of any irrevocable commitment or letter of intent which Delek Group or any of its concert parties has procured in relation to the securities in Capricorn

Delek Group has entered into the Delek Voting Undertaking, under which it has undertaken to vote its and its relevant subsidiaries' Participation Units in favour of the Combination at the Unitholder General Meeting. The terms of the Delek Voting Undertaking are summarised in paragraph 7.2(A) of Part XVIII (*Additional Information*) of this document.

Save as disclosed above, no persons have given any irrevocable commitment or letter of intent to vote in favour of the Combination or the Rule 9 Resolution to be proposed at the General Meeting.

9. Shareholders of Delek Group with an interest of 5 per cent. or more

As at the Latest Practicable Date, the following shareholders have pre-existing interests in Delek Group which would create potential indirect interests of 5 per cent. or more in the capital of the Combined Company: ⁴⁸

- (A) Mr. Tshuva, who holds, indirectly, approximately 48.58 per cent. of Delek Group's issued share capital and approximately 50.18 per cent. of Delek Group's voting rights;

⁴⁸ Subject to the same assumptions as at Note 4 to the table in this document entitled "Issue Statistics".

- (B) April M.A Real Estate Agency Ltd, which holds approximately 20.62 per cent. of Delek Group's issued share capital; and
- (C) Green Venture Capital Ltd, which holds approximately 21.17 per cent. of Delek Group's issued share capital.

10. Takeover Code Responsibility Statement

For the purposes of Rule 19.2 of the Takeover Code only:

- the directors of Delek Group, whose names are set out above in paragraph 2.3 (Delek Directors) accept responsibility for the information contained in this Part III (*Details of the Takeover Panel Rule 9 Waiver*) relating to Delek Group, the Delek Concert Party (excluding NewMed), and the directors of Delek Group and Delek Energy;
- the NewMed Directors, whose names are set out in Part XIX (*Definitions*) of this document, accept responsibility for the information contained in this Part III (*Details of the Takeover Panel Rule 9 Waiver*) relating to NewMed only; and
- Mr. Tshuva accepts responsibility for the information contained in this Part III (*Details of the Takeover Panel Rule 9 Waiver*) relating to him and the Tshuva Concert Party.

To the best of the knowledge and belief of the directors of Delek Group, the NewMed Directors and Mr. Tshuva (who have each taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information. For the avoidance of doubt, this paragraph 10 is without prejudice to the responsibility statement set out in paragraph 1 of Part XVIII (*Additional Information*).

11. Relationship with Rothschild & Co

There is no relationship (personal, financial or commercial), arrangement or understanding between: (i) Delek Group, Mr. Tshuva or any member of the Concert Party; and (ii) Rothschild & Co or any person who is, or is presumed to be, acting in concert with Rothschild & Co.

12. Relationship with Capricorn Shareholders

Save as disclosed in this document, there is no relationship (personal, financial or commercial), arrangement or understanding between: (i) Delek Group, Mr. Tshuva or any member of the Concert Party; and (ii) any Capricorn Shareholders or any person who is or is presumed to be, acting in concert with any such shareholder.

Part IV Information on the Combined Group

1. Overview of the Combined Group

The Combination will create one of the leading independent producers of natural gas in the MENA region, with a long-life production base and resilient cash flow outlook. The Combined Group's strategy will be to use the long life, resilient cash flows from Capricorn's and NewMed's current production to support a sustainable dividend policy and at the same time to invest in existing growth projects to target a doubling of its net production by 2030, whilst decarbonising its operations and seeking longer term diversification into new energies.

The Combination brings together the teams that have built two successful exploration and production companies which have each discovered and developed multiple new hydrocarbon provinces and oil and gas fields. NewMed was instrumental in the discovery and development of the prolific Leviathan, Tamar, Karish and Tanin gas fields offshore Israel. Capricorn, previously known as Cairn Energy PLC, led the discovery and development of numerous hydrocarbon provinces globally, including onshore India and offshore Senegal. The Combined Group is expected to be the largest gas-focused energy independent listed on the premium segment of the LSE (by 2P reserves). An overview of the Combined Group is provided in this Part IV, with further detail provided in subsequent sections.

As at 31 December 2021, the Combined Group would have had proved plus probable (2P) reserves of 1.1 billion boe (6.7 trillion scfe), with net 2021 average production of 116 kboepd (on a WI basis) and a 2P reserves life index of 27 years. As at the same date, the Combined Group's net 2P plus 2C contingent resource base would have been 2.1 billion boe (12.2 trillion scfe), giving a 2P + 2C reserves life index of more than 45 years. The Combined Group's reserves and resources will comprise more than 90 per cent. natural gas.⁴⁹

The Combined Group's production will come primarily from the Leviathan Field, which produced an average net WI daily rate of 470 million scf/d (80,000 boepd) during 2021, together with a portfolio of oil and gas fields onshore Egypt, which would have produced at an average net WI daily rate of 36.5 kboepd in the same period. The Combined Group's producing portfolio is expected to have average operating costs for 2022 and 2023 of US\$3.7/boe and had pro forma upstream emissions intensity for 2021 of 7.4kgCO₂/boe.⁵⁰

The Combined Group's production will be sold under long-term contracts, which provide a high degree of confidence in future sales volumes and prices, through committed take-or-pay obligations, credit coverage mechanisms and pricing formulae (containing a floor price) which moderate price volatility. It is anticipated that the Combined Group will generate more than US\$3 billion in unlevered free cash flow over the period from 2023 to 2027⁵¹. The Combined Group will have a prudent capital allocation policy which will envisage at least 30 per cent. of annual free cash flow (prior to growth capital expenditure being taken into account and after financing costs have been deducted) returned to shareholders, with the remainder available for reinvestment in upstream production capacity, new energy production capacity, balance sheet deleveraging or further returns to shareholders.

The Combined Group's portfolio is expected to contain sufficient resources to target a doubling of net production by 2030, to more than 200,000 boepd (1 billion scf/d) on a WI basis. Investment in production growth has commenced in the Leviathan asset and the Egyptian portfolio, and an appraisal well in the Aphrodite discovery offshore Cyprus is planned for 2023. The Combined Group will have material exploration prospectivity offshore Mauritania and will pursue further selected growth opportunities across the region, particularly in Morocco.

⁴⁹ Figures in this paragraph based on Capricorn internal estimate and NewMed NSAI report 2021. Capricorn numbers oil to gas equivalent ratio 1 mmbse = 5.600 bcf. NewMed numbers oil to gas equivalent ratio 1 mmbse = 5.883 bcf.

⁵⁰ Figures in this paragraph based on Capricorn internal estimate and NewMed NSAI report 2021. Capricorn numbers oil to gas equivalent ratio 1 mmbse = 5.600 bcf. NewMed numbers oil to gas equivalent ratio 1 mmbse = 5.883 bcf.

⁵¹ Unlevered free cash flow for existing producing assets. Based on Capricorn internal estimate and NewMed NSAI report 2021. Capricorn numbers oil to gas equivalent ratio 1 mmbse = 5.600 bcf. NewMed numbers oil to gas equivalent ratio 1 mmbse = 5.883 bcf.

The Combined Group's assets would contribute to the security of supply of energy to Israel, Egypt and Jordan and to the development of a regional gas market, which is displacing higher emissions coal and oil-fired power generation. The Leviathan Field and, prior to the 2021 disposal, NewMed's interest in the Tamar Field, have contributed to a reduction in Israel's national carbon dioxide emissions per capita of more than 30 per cent. from 2012 to 2020, although electricity consumption per capita rose during this period.

The Combined Group is well-positioned to provide reliable energy to meet the region's growing demand, with the Leviathan Field partners' rights to export gas to international buyers and provision of gas to Egypt and Jordan, as well as the production from the Egyptian portfolio. It is predicted that the Combined Group's expected area of strategic focus, the Middle East and North African region, will see increasing demand for energy, particularly gas. Coupled with strong expected EU demand for LNG, Capricorn and NewMed foresee strong demand to underpin future growth investments together.

2. The Combined Group's strategy

The Combined Group's strategy will be built on three pillars.

The first pillar is to deliver resilient cash flows and attractive shareholder returns from the existing production base: the Leviathan Field offshore Israel and the portfolio of gas and oil fields onshore Egypt.

The second pillar is to deliver organic growth of this production base with potential to double net production by 2030. This growth is expected to be deliverable from the Combined Group's expected combined portfolio and to be funded from existing cash flows and external sources.

The third pillar is further growth in the Combined Group's expected portfolio of conventional upstream exploration assets and diversification into new energies. The Combined Group plans to invest in generating low carbon energy, in selective hydrocarbon exploration and in improving the environmental performance of its upstream operations.

Underpinning the three pillars of this strategy will be a robust balance sheet, a proven high performing team with a track record of success and strong corporate governance with a demonstrable focus on the value of high ESG standards.

2.1 Pillar 1: Continued Production of Reliable and Resilient Cash Flows

The Combined Group will aim to ensure that the existing production and cash flow base of the business is maintained, by working in partnership with operators, customers, joint venture partners and government stakeholders. The existing production rates for the Leviathan Project are forecast to extend beyond 2040, generating strong cashflows with limited anticipated further capital investment. The majority of Capricorn's and NewMed's current production revenue through to 2035 is contracted. Through a leading position in the regional markets, the Combined Group will seek to expand the committed volumes covered by take-or-pay obligations to further improve the predictability of future cash flows based on markets growing demand beyond the mentioned period.

The Combined Group will seek to reduce the emissions intensity of energy produced in its areas of operations, both by continuing to develop regional gas markets and displacing higher emissions sources of energy, as well as by reducing its own upstream emissions.

2.2 Pillar 2: Doubling production to 2030

The Combined Group will have a high quality discovered, undeveloped contingent resource base. The Combined Group's strategy will be to develop these resources, both to meet strong and growing regional demand, but also potentially through sales as LNG to access growing international markets. The strategy will be to target a doubling of Capricorn's and NewMed's current combined net production rate to at least 200,000 boepd (1.2 billion scf/d) on a WI basis by 2030. Growth capex is expected to be funded from existing cash flows and prudent access to debt financing.

The Combined Group's contingent resources in Israel and Cyprus would be well-positioned to provide gas as LNG into European and international markets. The Combined Group is evaluating midstream

solutions for future supply growth, including a subsea pipeline and/or liquefaction (including via dedicated FLNG facilities which would allow direct sales of Leviathan gas as LNG). Existing pipeline infrastructure connects the Leviathan Field to the Egyptian gas grid, which is connected to the under-utilised Egyptian gas liquefaction facilities at Idku and Damietta. Development alternatives for the Cypriot contingent resources, including combining the development of the reservoir with existing facilities and/or development for adjacent properties in Egypt, Cyprus and/or Israel, are being considered.

In Q4 2022, NewMed entered into a memorandum of understanding with Uniper SE to examine the possibility of a collaboration for the supply of LNG to Europe and for the production of blue hydrogen and green hydrogen and its transportation from Israel to Europe. The parties will explore the supply of natural gas from the Leviathan Project to Germany, with the natural gas liquefaction being performed through one of the existing liquefaction facilities in Egypt or through the construction of an independent floating liquefaction facility in Israel, as part of the development of Phase 1B of the Leviathan Project.

2.3 Pillar 3: Growing hydrocarbon and low carbon energy investment

Companies in the energy industry may be challenged by an increase in international and domestic regulation relating to climate change. Additionally, stakeholders continue to have higher and evolving expectations of gas and oil companies with respect to social responsibility, climate change, the environment and cultural heritage, which is increasing scrutiny of gas and oil companies.

The Combined Group would further expand its energy production base through investment in clean energy generation and in selected hydrocarbon exploration and production. It is intended that the Combined Group will investigate appropriate opportunities to produce blue hydrogen from its existing portfolio and to produce green hydrogen in its areas of interest.

In August 2022, NewMed entered into a memorandum of understanding with Enlght, a global renewable energy developer and independent power producer, to establish an exclusive collaboration for a fixed period regarding the initiation, development, financing, construction and operation of renewable energy projects in several target countries, including Egypt, Jordan, Morocco, the UAE, Bahrain, Oman and Saudi Arabia.

The Combined Group will seek to pursue selected hydrocarbon exploration where required to provide energy security to regional or international markets. The Combined Group will leverage its organisational and operational capabilities to target and develop projects that meet the Combined Group's overall risk appetite and stringent commercial criteria while advancing the transition to a low carbon energy system.

3. The Combined Group's strengths

3.1 High quality producing asset base

The Combined Group's expected portfolio would comprise high-quality offshore gas production in Israel, flexible short-cycle onshore gas and oil production in Egypt, discovered and undeveloped resources in Israel, Egypt and Cyprus and a high-quality exploration portfolio in Egypt, Morocco and Mauritania.

(A) Leviathan Field

The Combined Group will hold a 45.34 per cent. interest in the Chevron-operated Leviathan Field, one of the world's largest gas fields with 3.7 billion boe (22 trillion scf) total gross recoverable gas resources 2P and 2C as at 30 September 2022 and capacity for expansion, with the potential to increase current production capacity by approximately 75 per cent., to meet growing regional gas demand and provide LNG to international markets later this decade. This gas, which comprises more than 98 per cent. methane, with negligible impurities, is contained within a single large accumulation. The high-quality reservoir has porosities in the region of 23 per cent, permeability in excess of 0.7 darcy, and net-to-gross in the region of 75 per cent. leading to high connectivity and efficient drainage (*Source: The Leviathan Field - Nine Years Since Discovery, EAGE 2019*). Current gross production of approximately 200,000 boepd (1.2 billion scf/d) is delivered by four producing wells, with a fifth well

(expected to be on-line during the first half of 2023) which will provide further redundancy and incremental production capacity. The independent reserves auditor foresees that no additional wells will be required to deliver the full 2P volume. The joint venture will consider the appropriate approach to capital expenditure, including the timing and numbers of producing wells, given current and future gas sales opportunities and obligations, and potential seasonal variations in new markets.

NewMed believes that the Leviathan Project is a highly efficient operation with average operating costs for 2022 and 2023 forecast to be US\$2.9/boe (US\$0.5/MCF), comprising primarily fixed infrastructure system costs and with negligible variable lifting costs. In 2021, the last full year for which actual emissions data is available, scope 1 and 2 emissions intensity associated with this production were approximately 1.7kgCO₂/boe.

(B) Western Desert Portfolio

The Combined Group will hold a 25 per cent. interest in the Bapetco operating company which contributes approximately a quarter of Capricorn's and NewMed's combined current production. Production from the Bapetco operating company's portfolio will be weighted approximately two-thirds gas, one-third oil. The portfolio will contain ten producing fields and four production hubs with material in-field and near-field incremental development opportunities. The Combined Group will also hold operated and non-operated interests in Western Desert exploration permits. It is expected that the Combined Group will continue investment in this portfolio to further enhance production rates, develop prospective resources and to improve the operating efficiency and environmental performance of the assets.

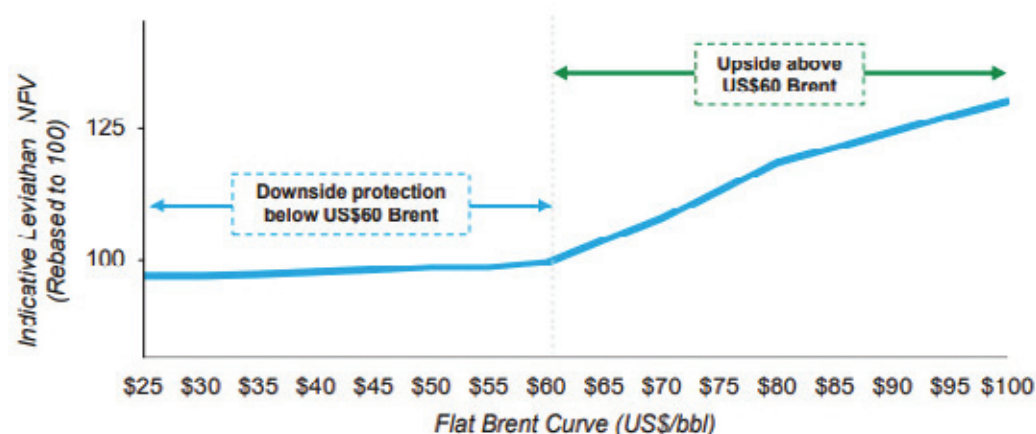
The Egyptian Western Desert Portfolio has expected average operating costs for 2022 and 2023 of US\$5.7/boe (US\$0.97/MCF). In 2021, scope 1 and 2 emissions intensity associated with its production was approximately 20kgCO₂/boe. Numerous projects are under active consideration to improve the performance of these assets, including electrification, use of flare gas for power, solar power integration and recovery of waste heat.

3.2 Reliable cash flows

The Combined Group will benefit from long-term sales agreements which provide for predictable demand and pricing formulae which moderate commodity price volatility.

Gas from the Leviathan Field is sold to a diversified range of customers, comprising approximately 10 Israeli off takers, including Israeli IPPs with a TCQ of approximately 19 BCM (115 million boe / 671 billion scf) and contract durations up to 25 years, and industrial customers with a TCQ of approximately 4.5 BCM (27 million boe / 159 billion scf) with short and long-term contracts of up to 15 years and two major export agreements for the sale of natural gas to a customer in each of Egypt (TCQ of approximately 60 BCM (360 million boe / 2 trillion scf) over 15 years) and Jordan (TCQ of approximately 45 BCM (270 million boe / 1.6 trillion scf) over 15 years). Such agreements include take-or-pay commitments and downside pricing protection. The following chart is a Brent price sensitivity for the PV-10 for the Leviathan Field (rebased to 100 for a Brent price of US\$60/bbl) and illustrates that NewMed participates in upside when the Brent price increases above the US\$60/bbl level (when PV-10 increases as the Brent price increases) but benefits from significant downside protection below this level (when PV-10 shows only minor decreases as the price falls) as a result of the pricing mechanisms in the Leviathan Offtake Agreements.

Illustrative Leviathan PV-10 Sensitivity to Brent Price – Based on 2P Production Profile Run at Flat Brent Curve



Source: Based on NewMed management analysis

Individual Leviathan Offtake Agreement contractual terms vary, including terms on tenor and price linkages. However, all such contracts (excluding contracts for supply on an interruptible basis and spot agreements which are not material in volume) include high level take-or-pay commitments, which significantly mitigate volume risk. Leviathan Offtake Agreements also include credit coverage mechanisms, which mitigate credit risk. Contracts are USD-denominated, with pricing formulas mainly linked to either the Brent crude price or the EA Tariff, or fixed pricing mainly for short-term offtake contracts. All pricing formulas include floor prices which limit exposure to depreciation in low Brent prices and provide an upside for appreciation in the Brent crude price or the electricity production cost as published by the Israeli Electricity Authority. The combination of the take-or-pay mechanism together with floor prices underpin a stable and visible revenue stream for the Leviathan Field.

Sales from the Egyptian producing portfolio are currently made through long-term sales contracts with EGPC for gas. The Combined Group will additionally be able to sell entitlement oil, crude cargos at market prices. Currently, crude is principally sold to EGPC due to high demand from local refineries. Gas sales to EGPC are governed by take-or-pay obligations and the price at which gas is sold is based on a Brent indexed price with ceilings ranging from US\$2.50 to US\$2.65 / million BTU. Payment is to be made to the seller in US dollars. Capricorn has been encouraged by recent modernisation initiatives in Egypt which have resulted in consolidated concessions and improved production sharing contract terms.

3.3 Robust balance sheet and capital allocation policy

The resilient and predictable cash flow outlook associated with the Combined Group's expected production assets and gas sales contracts underpin a robust balance sheet and a competitive cost of capital. This balance sheet will support a capital allocation policy which is expected to see at least 30 per cent. of annual free cash flow (prior to growth capital expenditure being taken into account and after financing costs have been deducted) returned to shareholders, with the remainder allocated to maintenance or growth capex, and potentially to further shareholder returns.

Combined gross debt was US\$2.4 billion, all of which is secured at asset level. US\$2.20 billion of the Combined Group's debt will be senior secured notes with maturities ranging from June 2023 to June 2030 and fixed interest rates of 5.75 per cent., 6.125 per cent., 6.5 per cent. and 6.75 per cent. according to maturity. In November 2022, Moody's affirmed its Ba3 rating for these notes, with a stable outlook. A further US\$120 million of the Combined Group's debt will consist of a senior secured reserves-based lending facility and an additional US\$40 million subordinated debt facility, both tied to the Egyptian Western Desert Portfolio, with a weighted average interest cost of LIBOR plus 5.6 per cent.

3.4 High quality organic growth potential

The Combined Group would have more than 900 million boe (5 trillion scf) 2C contingent resources⁵², spread between future Leviathan expansion, undeveloped resources onshore Egypt and the Aphrodite discovery offshore Cyprus.

(A) Leviathan Expansion

The Leviathan Field development envisaged a phased project with the platform designed to accommodate future expansion. Phase 1A, with a targeted gross production rate of 203,000 boepd (1.2 billion scf/d) has been producing since 2019. Investment in Phase 1B, with a targeted additional gross production rate of 152,000 boepd (900 million scf/d), is at an advanced stage of planning.

There are plans for additional production facilities, including up to four additional wells, along with a further subsea flowline, and extra processing trains on the existing platform and export pipeline infrastructure to be added. Full production capacity of 350,000 boepd (2.1 billion scf/d) is expected to be available before 2030. Commitment to long-lead items for a third subsea flowline was made in 2022 and full expansion project sanction is expected in 2023-2024.

Additional gas sales from the Leviathan expansion project are anticipated to be sold either by pipeline to the regional market, potentially for re-export from Egypt as LNG, or to a dedicated FLNG facility. The Leviathan Field is already connected by pipeline network to Egypt's two gas liquefaction facilities at Damietta and Idku. Debottlenecking of this infrastructure is underway with the installation of the Ashdod-Ashkelon pipeline and planning for the Nitzana Export Route from Israel to Egypt. Together with export capacity via the Arab gas pipeline, connecting Egypt and Jordan, the full production potential of the Leviathan expansion project could be transported to regional markets and Egyptian LNG facilities.

The joint venture is also exploring the feasibility of dedicated FLNG liquefaction capacity to enable direct sales to the global LNG market. As the Leviathan gas has very low liquids content and has few impurities, the processing required for liquefaction is relatively minor compared to other FLNG facilities. Consequently, the potential Leviathan FLNG project would benchmark favourably compared to other global FLNG projects in terms of cost, schedule and process complexity.

With the parallel development of the Cypriot Aphrodite Project, it is possible that Leviathan expansion gas sales could initially target regional and Egyptian LNG facilities, prior to commissioning of a dedicated FLNG facility.

(B) Western Desert growth

The Egyptian Western Desert Portfolio had 70 mmboe (392 bcfe) contingent resources, of which 70 per cent. was gas⁵³. Development planning and gas sales discussions are underway to enable the development of these resources with multiple incremental investment opportunities expected to be available during 2023 and 2024. Additionally, exploration prospectivity is being developed, including through the acquisition of new wide azimuth 3D seismic data over under-explored areas of the Western Desert.

(C) Aphrodite

The Combined Group will hold a 30 per cent. interest in the Aphrodite PSC, offshore Cyprus, containing gross contingent resources of approximately 600 million boe (3.5 trillion cf) gas. Appraisal drilling of the A-3 production well will commence in 2023 which will inform the potential project scope and definition. Development options include possible tie-back to facilities offshore Egypt to allow access to the Egyptian gas market and international LNG market. Subject to successful appraisal and project definition, the final investment decision is expected in 2024.

⁵² Based on Capricorn internal estimate and NewMed NSAI report 2021. Capricorn numbers oil to gas equivalent ratio 1 mmboe = 5.600 bcf. NewMed numbers oil to gas equivalent ratio 1 mmboe = 5.883 bcf.

⁵³ Figures as at 31 December 2021.

(D) Mauritania Exploration

The Combined Group will have a 90 per cent. operated stake in the C7 exploration permit offshore Mauritania. The Dauphin prospect, an amplitude supported target updip from a discovery in the same stratigraphic interval could contain up to 1 billion boe. It is probable that such an accumulation, if present could contain commercial quantities of both oil and natural gas. An environmental baseline survey and drilling hazard study have been conducted in anticipation of possible exploratory drilling.

(E) New ventures

The Combined Group will seek to acquire additional licences to explore for and commercialise advantaged hydrocarbons and for opportunities to produce blue and green hydrogen. The Combined Group will focus around existing areas of operation and in areas with growing regional energy demand, including with possible export routes to European and international markets. On 6 December 2022, NewMed, along with Adarco, entered into conditional agreements with ONHYM for the receipt of seventeen exploration licences in the “Boujdour Atlantique” area offshore Morocco, which would be part of the Combined Group’s portfolio (assuming satisfaction of conditions and completion of those agreements).

3.5 Proven focus on high Environmental, Social and Governance standards

The Combined Group will have strong ESG credentials anchored on its commitment to the UN Sustainable Development Goals (“**UNSDGs**”), holding a portfolio with a more than 90 per cent. gas weighting, that is well-positioned to support the transition to a lower carbon energy system.

The Combined Group will be committed to high sustainability standards and intent on maintaining a competitive portfolio through stringent energy scenario testing, as well as to innovate solutions to help with climate change challenges. The Combined Group is expected to commit to a short-term target of reducing greenhouse gas emissions by at least 15 per cent. by 2025, a medium-term target to reduce absolute emissions by 25 per cent. by 2030, and an accelerated target of net zero Scope 1 and 2 emissions by 2040 or earlier.

In addition, the Combined Group is expected to follow Capricorn’s existing framework and policies for managing and reporting climate related risks. The Combined Group intends to maintain Capricorn’s HSE, CSR and ESG policies (namely Capricorn’s Corporate Environment and Climate Change Policy, Corporate Social Responsibility Policy and Corporate Health, Safety & Security Policy, which are set out at Part XXI (*The Capricorn Group’s HSE, CSR and ESG Policies*) of this document), and to report against TCFD, SASB and GRI. As a premium listed company on the LSE and with a Relationship Agreement in place with Delek Group, the Combined Company will be committed to strong standards of corporate governance.

The Combined Group will continue Capricorn’s and NewMed’s work with local partners to identify and execute value-adding and meaningful social impact projects in areas of our operations, that help us fulfil our commitments to the UNSDGs and benefit wider stakeholders.

In recent years, there has been a growing awareness among investors in the UK, Israel and around the world and among stakeholders of companies such as Capricorn and NewMed of the climate and environmental impacts of various activities. As part of this trend, existing and potential investors, as well as other stakeholders, of Capricorn and NewMed are considering ESG aspects as part of their investment and business policies, including with regard to the provision of credit. There may be increased stakeholder concern and stigmatisation of the broader hydrocarbons-intensive energy sector, especially if emissions reductions or energy transitions targets are not achieved by individual companies or if they do not meet community expectations.

Companies in the energy industry may also be challenged by an increase in international and domestic regulation relating to climate change, including those relating to restricting or reducing greenhouse gas emissions. Like any significant changes in the regulatory environment, greenhouse gas regulation could have the impact of curtailing profitability in the gas and oil sector, and the ultimate effects of greenhouse gas emissions-related agreements, legislation and measures on the Combined Group’s financial performance, as well as the timing of these effects, is uncertain. Consideration of greenhouse gas issues and the international and national responses to those issues will be integrated into the Combined Group’s strategy and planning.

The Combined Group will also be subject to various pollution, environmental, health and safety risks, as many activities in the gas and oil industry are inherently hazardous. The health, safety and environment policies of the Combined Group and the operators of its assets will require the Combined Group to comply with all applicable legal and regulatory requirements and to generally apply best practices where legislation does not exist.

The Board of the Combined Company will have a clearly defined governance structure in line with the UK Corporate Governance Code. Details of the proposed Board of the Combined Company are set out in paragraph 1.3 of Part XVI (*Directors, Employees and Corporate Governance*) of this document. Peter Kallos, the current Senior Independent Director of Capricorn, will become the transitional Chair of the Combined Company to provide continuity through the integration process.

3.6 Strong organisational capability

The Combined Group will benefit from proven and experienced leadership, management, and organisation.

The Combined Group will be led by Yossi Abu, who has been the CEO of NewMed since 2011 and is highly experienced in the oil and gas sector. Mr Abu has been instrumental in developing Israel's local regulatory framework for oil and gas and key in establishing relationships with offtakers in Israel, Egypt and Jordan.

The CFO of the Combined Group will be James Smith, who has been CFO of Capricorn since 2014. Mr Smith has led the financing and commercialisation of Capricorn's interests offshore Senegal, the exit from the North Sea and entry to the Egyptian onshore portfolio. Mr Smith was also critical to the successful resolution of the legacy tax arbitration with the Government of India.

The Combined Group's management team and supporting organisation will have experience discovering, appraising, developing and producing oil and gas fields both on and offshore around the world. The Combined Group's capabilities will include operated and non-operated exploration and development geoscience, petroleum and reservoir engineering, drilling engineering, HSE management, supply chain management and joint venture management. Additionally, the Combined Group's capabilities will include proven legal, commercial and business development resources which have managed the successful resolution of various international arbitrations, multiple transactions and commercialisation of new resources.

The bringing together of the assets and teams of NewMed and Capricorn, by way of the proposed Combination, will allow the Combined Group to leverage the required skills sets of both companies on the entire existing and future portfolio, to deliver the strategic goals set out in paragraph 2 above more easily than on an individual standalone basis.

3.7 Growing regional markets

The Combined Group's assets will be strategically located in the East Mediterranean, close to centres of significant and growing gas demand, including Egypt, Israel and Jordan.

Egypt, the largest gas demand centre in the region with approximately 62 BCM (390 million boe / 2.2 trillion scf) total domestic consumption in 2021, is envisaged to become a regional gas hub and is expected to have a gas supply deficit in the medium-term due to increasing local demand and additional feed gas demand from the country's LNG export facilities (where the latter is estimated at approximately 19 BCM per year), and plateauing domestic production from 2022 onwards (based on discovered sources to date).

Israel has a fast-growing domestic gas market, with 2022 demand of 12.5 BCM (75 million boe / 440 billion scf) forecast to grow with 7 per cent. CAGR to 2030. Demand growth is underpinned by the Israeli government's stringent policy to transition from coal to gas fired electricity generation and by

growing electricity demand. Increasing domestic electricity demand is driven, *inter alia*, by the electrification of the railway infrastructure, increasing water desalination and increased demand for electric vehicles.

Jordan relies on a stable flow of natural gas imports to meet its annual demand of approximately 3-4 BCM (18-24 million boe / 106-141 billion scf) and does not have any notable domestic resources. It is therefore reliant on a stable supply of natural gas from Israel.

The EU countries and the UK are seeking to replace approximately 21 BCF/d of Russian gas supply by 2030 and a material portion of their LNG import needs are uncontracted (63 per cent. for 2025 to 2030 and 68 per cent. from 2031 to 2040) (*Source: WoodMac and EuroStat*). The expansion of regional export capacity to access either under-utilised Egyptian gas liquefaction capacity, or potential dedicated floating liquefaction capacity will allow the Combined Group to access this market. The Trilateral Natural Gas Agreement signed by the EU, Israel and Egypt in June 2022 aims at reducing Europe's dependence on Russian gas and will facilitate Israel ramping up natural gas exports to Europe.

Part V

Information on the Capricorn Group

This Part V (Information on the Capricorn Group) should be read in conjunction with the more detailed information contained in this document, including the financial and other information appearing in Part IX (Operating and Financial Review Relating to the Capricorn Group). Where stated, financial information in this section has been extracted from Part XI (Historical Financial Information Relating to the Capricorn Group).

1. Introduction

Capricorn is a leading independent upstream energy company. Capricorn, a public limited company, is the ultimate parent company of the Capricorn Group with registered number SC226712 and registered address of, and its headquarters at, 50 Lothian Road, Edinburgh, EH3 9BY. The Existing Ordinary Shares are admitted to the premium listing segment of the Official list and to trading on the main market for listed securities of the LSE and Capricorn is a constituent of the FTSE 250 index.

The Capricorn Group has discovered, developed and produced oil and gas around the world as an operator and partner in all stages of the upstream oil and gas life cycle. Capricorn holds a balanced portfolio of production and exploration assets and has a strong track record of adding value for its host countries and joint venture partners. Today it is focused on growing its current gas and liquids production base through development and exploration, with an ambition to use its strong balance sheet to diversify and expand its production base into other attractive markets and to commercialise exploration resources.

The Capricorn Group has interests in 24 licences in five countries. Capricorn acts as both operator and partner across its portfolio. In Egypt, the Capricorn Group has non-operated interests in 10 producing concessions and 18 development leases and is operator of three exploration concessions (South Abu Sennan, South East Horus and West El Fayium concessions) and non-operator in one further exploration concession (North Um Baraka concession). Capricorn also holds 10 exploration licences in the following countries: Mauritania, Suriname, Mexico and the United Kingdom.

As at 30 June 2022, the Capricorn Group had 2P commercial reserves of 33.5 mmboe (of which approximately 33 per cent. were oil), and 2C contingent resources of 41.7 mmboe within Development Pending and Development Unclassified categories (of which approximately 43 per cent. were oil). For the six months ended 30 June 2022, the Capricorn Group's average daily production (oil and gas) on a net working interest basis was 35.5 kboepd and its revenue in respect of such production was US\$137.4 million.

The Capricorn Group's business model is to hold assets within the oil and gas life cycle in order to create, add and deliver value for stakeholders. The cash flow from production assets then funds exploration, appraisal and development activities. The Capricorn Group monetises assets at different stages of hydrocarbon exploration, development and production in order to optimise its portfolio and create the opportunity for further cash returns to shareholders.

The Capricorn Group has a strategy as a responsible energy producer to ensure maximum financial flexibility through active management of its portfolio which enables it to target high quality resources and continually renew such portfolio to ensure relevance through the energy transition. The Capricorn Group's emphasis on proactive portfolio management also means it can maintain greater control of its development as a business, as it can optimise capital allocation and ensure an appropriate asset balance at any point in time. The Capricorn Group targets long-life, full-cycle portfolios with low break-even costs to best support future shareholder returns.

Against the backdrop of a global energy system in transition, the Capricorn Group is focused on positioning itself for sustainable growth, in line with a commitment to net zero Scope 1 and 2 emissions by 2040 or earlier, and with financial and operational discipline. The Capricorn Group is focused on driving down emissions in its operations and is the first UK independent oil and gas company to commit to World Bank Zero Routine Flaring by 2030.

2. History

The Capricorn Group was founded in 1980 by Sir Bill Gammell. The Capricorn Group's then parent company was initially listed on the LSE over 30 years ago, in 1988, as Cairn Energy PLC. As part of a planned corporate restructuring in 2003, a new parent company was inserted by way of a court approved scheme of arrangement. Capricorn Energy PLC became the new name for Cairn Energy PLC on 10 December 2021.

Capricorn is an experienced oil and gas explorer, developer and producer operating in a variety of locations around the world. Historically, the Capricorn Group's operations were focused in South Asia where it created significant value for shareholders and stakeholders, particularly through the discovery, development and production of oil in Rajasthan, India. This was the largest onshore discovery in India for more than 25 years with the potential to provide more than 30 per cent. of India's daily crude oil production and generate many billions of US dollars in revenue for the Government of India.

In 2007 the Indian business, Cairn India Limited ("**CIL**"), was listed on the Indian stock exchanges and represented the largest initial public offering in India at that time. In 2011, the majority stake in CIL was sold and the relevant cash proceeds were returned to shareholders by way of a special dividend as part of a strategy to create, add and realise value for shareholders. Between 2006 and 2012, Capricorn returned US\$4.5 billion to shareholders. In Q1 2022, Capricorn received a tax refund of approximately US\$1.06 billion from the Government of India and returned approximately US\$500 million to shareholders via a tender offer. A share buyback programme to return up to a further US\$200 million to shareholders was suspended with effect from 1 June 2022, other than in respect of a US\$25 million tranche announced on 7 April 2022, which was conducted on a non-discretionary basis and ended on 6 July 2022.

Having created a legacy asset for India, Capricorn then focused on rebuilding its business to create, add and realise value through exploration, development and production. In 2012 Capricorn acquired exploration and development assets in the UK and Norwegian North Sea, including the Catcher and Kraken developments which at the time represented two of the largest projects in the UK North Sea, and began production in 2017. Capricorn went on to sell its interests in the Catcher and Kraken fields in November 2021. Capricorn has retained a significant position in the UK's mature and emerging basins, holding five licences in the UK North Sea.

After entering Senegal in 2013 as operator of three offshore blocks, the Capricorn Group also made the largest global offshore discovery of 2014 in the country with the FAN and Sangomar oil discoveries. The Capricorn Group subsequently sold all interests in its Senegal operations to Woodside in September 2020 and in 2021 returned approximately US\$250 million to shareholders by way of a special dividend. Capricorn also used funds from the sale of its Senegal operations to diversify and expand its production assets by investing in Egypt.

On 24 September 2021, Capricorn, together with its consortium partner Cheiron Petroleum Corporation ("**Cheiron**"), completed the acquisition of a portfolio of upstream onshore oil and gas production, development and exploration interests from Shell Egypt NV and Shell Austria GmbH (the "**Egypt Concessions**") in the Western Desert in the Arab Republic of Egypt. Capricorn Egypt, a wholly owned subsidiary of Capricorn, acquired 50 per cent. of the Egypt Concessions, with the remaining 50 per cent. acquired by Cheiron subsidiaries. The acquisition of the Egypt Concessions was an important step in creating a longer-life production portfolio with attractive growth opportunities, that can deliver diversified and consistent cash flow streams for the Capricorn Group and its shareholders. Capricorn is focused on delivering continued production growth and prioritising near term liquids-rich opportunities to maximise value with respect to these assets.

In addition to its operations in the United Kingdom and Egypt, Capricorn has exploration interests in Mauritania, Mexico and Suriname. Capricorn entered Mauritania and Suriname in 2018 and in both countries it acts as operator in respect of the offshore exploration blocks.

The Capricorn Group released its Climate and Energy Transition roadmap in September 2021 which sets out its medium-term target to reduce absolute emissions by 25 per cent. by 2030, as well as its commitment to an accelerated target of net zero Scope 1 and 2 emissions by 2040 or earlier.

Achieving these targets will involve a hierarchy of options for avoiding, reducing, substituting and offsetting greenhouse gas emissions and which includes opportunities for carbon capture, utilisation and storage to be explored. The Capricorn Group is the first UK independent oil and gas company to commit to World Bank Zero Routine Flaring by 2030.

3. Key strengths

3.1 Agile portfolio management

Capricorn has consistently managed its portfolio to enter or remain in assets with exploration and production growth and exit assets at an opportune time and at attractive prices or where allocated capital is no longer justified to provide the targeted returns. In 2021, Capricorn returned capital to shareholders following the sale of its interest in the Sangomar project in Senegal and also divested the Catcher and Kraken North Sea assets, where production decline had occurred. Such divestments provide Capricorn with flexibility to enhance its producing asset base, as demonstrated by the fact that part of the funds from the sale of Capricorn's Senegal operations were reinvested into producing assets in Egypt. The acquisition of the Egypt Concessions in 2021 was a first step in the new growth platform and met an ambition to operate in regions with strong demand trends.

In Q1 2022, Capricorn received a tax refund from the Government of India of approximately US\$1.06 billion. This enabled a capital return to shareholders via an approximately US\$500 million tender offer and an additional US\$25 million share buyback programme, completed in July 2022 and with a significant cash balance retained. Capricorn is focused on using its strong balance sheet to pursue value-accretive acquisitions of production assets with attractive growth potential.

Capricorn has the ability to move quickly and responsibly to pursue opportunities and makes strategic, timely and financially prudent decisions to enable it to continue to create value for its shareholders.

3.2 Collaborative partnerships

Capricorn works in joint ventures across the exploration and production spectrum, partnering with companies that share its values and vision. Recently, Capricorn's joint venture partnership with Cheiron, a private Egyptian company, resulted in the acquisition of the Egypt Concessions from Shell. Capricorn has more than 30 years' experience of working in collaborative partnerships, both as operator and as non-operator, at all stages of the upstream oil and gas life-cycle.

3.3 Exploration and production expertise and experience

Capricorn has the skills and capability to deploy across the full E&P asset life cycle. Capricorn's exploration portfolio is continuously high-graded to enable Capricorn to remain focused on its 'advantaged resources' exploration criteria: rapid pace from discovery to production, a clear alignment to ESG priorities, flexible commitments which can allow Capricorn to react to market dynamics, and resources that can be discovered, developed and produced competitively in a lower oil demand future. In the production arena, Capricorn focuses on delivering cash-generative production growth with low operating costs and lower emissions, and adding reserves cost-effectively through developments, reservoir management and new well drilling and completion.

Capricorn aims to recruit people who have the necessary expertise and resources to deliver the work programmes agreed within joint ventures, and to operate successfully across the upstream oil and gas life cycle. Over the last decade, Capricorn has operated multiple 2D & 3D seismic and geotechnical surveys, drilled more than 20 exploration and appraisal wells onshore and in shallow and deep-water settings, and has successfully participated in development planning to take five major projects to development phase, converting over three quarters of a billion barrels to reserves (gross, 100 per cent. basis). Through these projects, Capricorn's subsurface, engineering, HSSE, commercial & legal and financial teams have worked together and further developed their skillsets and capabilities for future application.

3.4 Responsible culture

Capricorn is committed to working responsibly to deliver its strategy and is focused on delivering value in a safe, secure and environmentally and socially responsible manner, which is a key strategic objective of Capricorn and one that is measured through its key performance indicators. Responsible performance is subject to ongoing monitoring by the Directors, who review performance against, among other things, leading and lagging indicators for health, safety and environmental protection. Capricorn is focused on ensuring safe and efficient operations whilst delivering lasting social and economic benefits to its host countries, for example with zero lost time injury at both the BED and Obaiyed Areas in the first half of 2022. Capricorn employs sustainable strategies to: (i) protect the environment and transition to more sustainable energy sources; (ii) support society by creating value for its stakeholders; and (iii) conduct business ethically and with integrity. These principles are codified in Capricorn's Code of Ethics. Capricorn expects and requires its contractors and suppliers to comply with the same high standards.

4. Capricorn's principal activities and investments

4.1 Overview of assets

The Capricorn Group holds a balanced portfolio of production and exploration assets, with interests in 24 licences in five countries. Capricorn acts as both operator and partner across its portfolio. In Egypt, the Capricorn Group has non-operated interests in ten producing concessions and one exploration concession (North Um Baraka) and is operator of three exploration concessions (being the South Abu Sennan, South East Horus and West El Fayium concessions). Capricorn also holds 10 exploration licences in Mauritania, Suriname, Mexico and the United Kingdom.

The Capricorn Group's average daily production (oil and gas) on a net WI basis for the period between the Egypt Closing Date and 31 December 2021 was 36,500 boepd and for the six-month period ended 30 June 2022 was 35,500 boepd. The Capricorn Group's net WI reserves and net contingent resources were estimated as 79.5 mmboe and 89.0 mmboe, respectively, as at 30 June 2022. During the twelve-month period ended 31 December 2021, the Capricorn Group's revenue from continuing operations was US\$57.1 million and its profit from operating activities from continuing operations was US\$897 million and, during the six-month period ended 30 June 2022, the Capricorn Group's revenue was US\$137.4 million and its loss from operating activities from continuing operations was US\$48.7 million.

A breakdown of total revenues by geographic region for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 is included in the Capricorn Group Annual Financial Statements.

4.2 Production and development

In September 2021, Capricorn together with its consortium partner Cheiron, acquired a portfolio of upstream onshore oil and gas interests from Shell Egypt NV and Shell Austria GmbH in the Western Desert in the Arab Republic of Egypt. The producing fields of the Egypt Concessions are spread across four distinct areas: Obaiyed, Badr El Din ("**BED**"), North East Abu Gharadig ("**NEAG**") and Alam El Shawish West ("**AESW**"). Both the Obaiyed and BED areas include multiple concessions. See paragraph 7.1(G) of Part XVIII (*Additional Information*) for further details on the joint management agreement in respect of the Egypt Concessions.

Subsidiaries of the Egypt Consortium: (i) entered into new joint operating agreements on 10 August 2022 in respect of each of the Egypt Concessions (other than NEAG and AESW), and (ii) are parties to the existing joint operating agreements previously in place with Shell and the other contractor parties in respect of the NEAG and AESW concessions (the "**Egypt Assets JOAs**"). The Egypt Assets JOAs govern the relationship between the Egypt Consortium members and other contractor parties (as relevant) at concession level and are each based on the AIEN standard model, subject to certain amendments as agreed between the relevant parties.

Under the terms of the Egypt Concessions, following a commercial discovery, the operations are carried out by an Egyptian company which is 50 per cent. owned by EGPC, and 50 per cent. owned by

the relevant contractor(s). While each concession has a separate operating company, established in accordance with the relevant concession, all producing fields forming the Egypt Concessions are in fact operated by Badr El Din Petroleum Company (“**Bapetco**”) (which was originally incorporated to operate the BED concession agreement). Bapetco is responsible for managing all operations, preparing a work programme and budget for the producing fields as well as any future exploration and development of the producing concessions. All matters at Bapetco are decided unanimously by both EGPC and the contractor(s), with authority delegated to the relevant body (shareholders, board of directors, general managers, etc.) depending on financial thresholds for the matter to be decided. All payment obligations of Bapetco and the operating companies lie with the contractor(s) under the concession agreements, and all investment decisions are decided by the respective operating committee.

Bapetco secured additional rig capacity in Q4 2021 to allow a ramp-up in investment following completion of the acquisition in September 2021, in order to take the number of rigs active on the licences from two to five. The third rig began operations in Q1 2022, delivering three wells in the H1 period. The fourth and fifth rigs were initially subject to logistics and commissioning delays, but were both operating by end Q3 2022. Consequently, the number of wells drilled in H1 2022 was lower than originally anticipated, and the full-year drilling and production outlook is therefore expected to be lower than originally planned. Revised capital and production guidance was presented in the Capricorn Group H1 2022 Results released by Capricorn on 6 September 2022.

Bapetco is also progressing various production enhancement projects in respect of the Egypt Concessions, including a low-pressure compressor project at the BED 3 facility, where commissioning and start-up is expected at the beginning of 2023, boosting gas production levels. A similar project is anticipated to be approved in due course at the Obaiyed facility. First gas from the Teen development pilot project in the North Matruh concession is anticipated in H1 2023.

Other ongoing facility enhancement projects include BED area electrification, AESW and NEAG produced water handling debottlenecking, controls systems upgrades for the main processing facility and diesel replacement by clean burning gas for power.

Capital expenditure on production and development in Egypt for 2022 is expected to be US\$80-90 million, which is below prior guidance taking into account the drilling schedule impact of rig delays and scheduled timing of first gas from the Teen project.

100 per cent. of the Capricorn Group’s total oil and gas production in the six months ended 30 June 2022 came from Egypt. Capricorn anticipates that the Capricorn Group’s Egypt production for 2022 on a WI basis will be between 33,000 and 36,000 boepd. The following tables set out certain information with respect to the Capricorn Group’s commercial reserves and contingent resources as at the years ended 31 December 2019, 2020 and 2021 and as at the six months ended 30 June 2022.

2P Reserves and 2C Resources on net working interest basis:

	31 December			30 June
	2019	2020	2021	2022
Commercial Reserves (2P) – Working Interest				
Oil (MMstb)	140.5	32.6	31.1	25.9
Gas (bcf)	10.0	1.7	335.3	300.0
Total (mmboe)	142.2	32.9	91.0	79.5
Contingent Resources (2C)				
Oil (MMstb)	230.3	13.3	28.3	32.9
Gas (bcf)	954.6	0	271.9	314.5
Total (mmboe)	389.4	13.3	76.8	89.0

2P Reserves and 2C Resources on net entitlement interest basis:

	31 December			30 June
	2019	2020	2021	2022
Commercial Reserves (2P) – Entitlement Interest				
Oil (MMstb)	140.5	32.6	13.0	11.0
Gas (bcf)	10.0	1.7	136.6	126.1
Total (mmboe)	142.2	32.9	37.4	33.5
Contingent Resources (2C)				
Oil (MMstb)	230.3	13.3	15.5	17.8
Gas (bcf)	954.6	0	111.3	134.3
Total (mmboe)	389.4	13.3	35.4	41.7

The following table provides a summary of the Capricorn Group's WI production:

Country	Area	Operator (O) / Non-operator (NO)	Fiscal regime	Production between Egypt Closing Date and 31 December 2021 (kboepd)	Production for half-year ended 30 June 2022 (kboepd)
Egypt	AESW	NO	PSC	6.1	4.8
	BED	NO	PSC	14.7	16.3
	NEAG	NO	PSC	2.2	2.2
	Obaiyed	NO	PSC	13.5	12.3
Total				36.5	35.3

4.3 EGPC Offtake Agreements

For all gas produced in Egypt, Capricorn is party to gas sales agreements with EGPC as required by the terms of the relevant concession (“**EGPC Offtake Agreements**”). The contractual term of each EGPC Offtake Agreements varies by asset, but continues until expiry of the underlying concession period for most of the agreements. The EGPC Offtake Agreements in respect of each of the concessions except for NEAG contain take-or-pay obligations, and also include provisions and mechanisms allowing the offtakers, after paying for gas not consumed pursuant to the take-or-pay mechanism, to receive gas, during an agreed upon period after the end of the relevant year (the “**Make-Up Period**”), for no additional payment up to the quantity that it paid for in respect of gas which it did not consume during a defined period, subject to the offtaker meeting its take-or-pay obligation during the Make-Up Period.

The price of gas under the EGPC Offtake Agreements is set at a base price in US dollars that is adjusted based on Brent prices. The price of gas varies across the EGPC Offtake Agreements but is capped at a ceiling between US\$2.50 to US\$2.65 (dependent on concession) if the Brent price is equal to or exceeds approximately US\$20. Payment is to be made in US dollars to the seller.

The EGPC Offtake Agreements include other customary provisions, including in respect of payment, maintenance, force majeure, governing law and dispute resolution.

4.4 Main producing assets in the non-operated portfolio

(A) Obaiyed

The Obaiyed area is the largest onshore gas field in Egypt and includes the Obaiyed concession and one other concession which also has outstanding exploration commitments (namely North Um Baraka).

The Capricorn Group has a 50 per cent. WI in each of the concession agreements in the Obaiyed Area (together with a 25 per cent. interest in the relevant operating companies: Obaiyed Petroleum Company and North Um Baraka Petroleum Company).

The working interest production attributable to the interests held by the Capricorn Group in the Obaiyed Area was 13.5 kboepd for the period between the Egypt Closing Date and 31 December 2021 and 12.3 kboepd for the six months ended 30 June 2022.

In respect of the fiscal terms of the Obaiyed concessions, there is a range of cost recovery limits between 25 and 30 per cent. (varying between individual concessions), with the contractor's share of profit for oil, gas and LPG ranging from 12.5 and 23 per cent. The contractor is also entitled to recover a share of excess cost oil, pursuant to the North Um Baraka and Obaiyed concessions.

(i) Summary

The Obaiyed concession is located 60km South West of Mutruh and is currently the largest onshore gas field in Egypt. Gas and condensate are produced from two main reservoirs, the Lower Safa (main producing reservoir) and the secondary, Upper Safa reservoir. Gas is transported from the field via the Western Desert Gas Project pipeline system. The active well count as at 30 September 2022 was 45 production wells. Of these production wells, 43 wells were within the Obaiyed concession, while two wells were within the North Um Baraka concession. Production is forecast to continue until at least the end of the current concession periods, being 22 August 2029 for the wells within the Obaiyed concession and 26 April 2043 for the wells within the North Um Baraka concession.

(ii) Facilities

Remote gas wells supply the Central Production Station ("CPS") that provides gas treatment and condensate stabilisation. Export gas is compressed and exported by pipeline. Condensate is stored at the CPS and exported through a condensate pipeline. The gas processing facilities are arranged as two production trains. There is a single condensate stabilisation train, with a back-up condensate flash system. Produced fluids comprise gas, condensate and water. Third party gas from Qasr (Apache) is processed via one of the trains at the Obaiyed facility.

(iii) Pipelines

The gas export system in the Obaiyed area is made up of a three-section telescopic pipeline with two further tie-ins along its route totalling 480 mln scf/d in export volume:

- 26-inch Obaiyed to Salem-Tie in Gas Export tie in
- 22-inch Salem to Salem-Tie in Gas Export Line
- 32-inch Salem-Tie to Tarek Tie-in Gas Export Line
- 12-inch Tarek to Tarek-Tie in Gas Export Line
- 34-inch Tarek Tie-in to EPC Gas Export Line

Bapetco also has export rights on third party Meleiha-El Hamra spur.

The Capricorn Group's net working interest commercial reserves and contingent resources associated with the Obaiyed concessions (excluding North Matruh) as at 30 June 2022 are shown in the following table:

	Oil (mmbbl)	Gas (bcf)	Total (mmboe)
Commercial Reserves (2P)	4.5	157.2	32.5
Contingent Resources (2C)	6.8	91.9	23.2
Total	11.3	249.1	55.7

(B) Badr El Din

The BED area comprises five producing concessions: BED, BED 3, BED 2 & 17, Sitra and North Alam El Shawish.

The Capricorn Group has a 50 per cent. WI in five concession agreements in the BED area (together with a 25 per cent. interest in the relevant operating companies: Bapetco, Sitra Petroleum Company and NAES Petroleum Company).

The working interest production attributable to the interests held by the Capricorn Group in the BED Area was 14.7 kboepd for the period between the Egypt Closing Date and 31 December 2021 and 16.3 kboepd for the six months ended 30 June 2022.

In respect of the fiscal terms of the BED concessions, there is a range of cost recovery limits between 30 per cent. and 40 per cent. (varying between individual concessions), with the contractor's share of profit for oil, gas and LPG ranging from 17 per cent. to 20 per cent. The contractor is also entitled to recover a share of excess cost oil ranging from 17 per cent. to 20 per cent., pursuant to all of the BED concessions other than the North Alam El Shawish concession.

(i) Summary

The BED area incorporates several concessions sited approximately 220km to the South East of Obaiyed, and 300km to the West of Cairo in the Western Desert. Historically, the BED area was focused on gas production from the Bahariya and Kharita reservoirs; however, most concessions are now producing both oil and gas. Several facilities are operated in the BED area, including an oil/condensate train and three gas trains with associated pipeline infrastructure. The BED oil system gathers and processes production from BED, Sitra, and NEAG. The oil system also handles, and exports processed oil from the AESW concession. The active well count as at 30 September 2022 was 126, and the distribution of wells among the five producing concessions is shown in the following table:

	Number of active wells
BED	2 (production wells)
BED 3	34 (production wells) and 14 (water injection wells)
BED 2 & 17	22 (production wells) and 4 (water injection wells)
Sitra	35 (production wells) and 14 (water injection wells)
North Alam El Shawish	1 (production well)
Total	126

Production is forecast to continue until the end of the current concession terms as listed in the following table. Options for consolidating the concessions to extend field life are being evaluated.

BED	BED-19: 15 October 2036 BED-20: 31 May 2044
BED 3	27 April 2026
BED 2 & 17	10 April 2034
Sitra	1 December 2025
North Alam El Shawish	17 April 2042

(ii) Facilities

BED 3 receives crude oil, condensate and gas from well sites, gathering and manifold stations. The oil and gas are treated to export quality by the removal of water and heavy ends. The BED 3 production station comprises both crude oil and gas processing. There are three gas processing trains.

(iii) Pipelines

The BED 3 area has several pipelines feeding into the plant from BED 2, NEAG JG, and BTE. There are two gas export pipelines, 16-inch and 20-inch, which run parallel to each other and tie in to a 24-inch pipeline which transports the gas to Ameriya. Two companies also tie their export pipelines into this system at two different points along its length.

The Capricorn Group's net working interest commercial reserves and contingent resources associated with the BED concessions as at 30 June 2022 are shown in the following table:

	Oil (mmbbl)	Gas (bcf)	Total (mmboe)
Commercial Reserves (2P)	14.1	48.4	22.9
Contingent Resources (2C)	11.9	154.3	39.5
Total	26.0	202.7	62.4

(C) North East Abu Gharadig ("NEAG")

The NEAG area comprises the concession which covers the NEAG Tiba area and the NEAG Extension area. The Capricorn Group has a 26 per cent. WI in the NEAG concession agreement (together with a 13 per cent. interest in the Tiba Petroleum Company).

The working interest production attributable to the interest held by the Capricorn Group in the NEAG concession was 2.2 kboepd for the period between the Egypt Closing Date and 31 December 2021 and 2.2 kboepd for the six months ended 30 June 2022.

In respect of the fiscal terms of the NEAG concessions, there is a cost recovery limit of 40 per cent., with the contractor's share of profit oil ranging from 14 per cent. to 23 per cent., with a fixed rate of 25 per cent. in respect of contractor profit gas/LPG.

(iv) Summary

The NEAG area comprises two blocks, the NEAG extension and NEAG Tiba. The concessions are sited approximately 25km to the North West of the BED area. The NEAG extension encompasses development leases NEAG 1 to NEAG 5, with wells producing mainly oil from the two fault blocks (Al Fadl and Al Qadr), where waterflood development is successfully ongoing. The remaining NEAG areas form NEAG Tiba. The main processing facility is located at NEAG 1, taking fluids from well sites at NEAG 1, 2 and 3. The active well count as at 30 June 2022 was 64. Of these wells, nine production wells and three water injection wells are within NEAG Tiba, and 36 production wells and 16 water injection wells are within the NEAG extension. Production is forecast to continue until at least 28 February 2027 for NEAG Tiba, and 31 December 2026 for the NEAG extension.

(v) *Pipelines*

The NEAG area only has two strategic pipelines. There is a pipeline which runs from NEAG 2 to NEAG 1 carrying oil to the plant. There is then a 6-inch export line which carries oil to a nearby export system which is operated by Apache.

The Capricorn Group's net working interest commercial reserves and contingent resources associated with the NEAG concessions as at 30 June 2022 are shown in the following table:

	Oil (mmbbl)	Gas (bcf)	Total (mmboe)
Commercial Reserves (2P)	3.4	2.3	3.8
Contingent Resources (2C)	2.6	0.4	2.5
Total	6.0	2.7	6.3

(D) **Alam El Shawish West ("AESW")**

The Capricorn Group holds a 20 per cent. WI in the AESW concession agreement (together with a 10 per cent. interest in the Alam El Shawish Petroleum Company).

The working interest production attributable to the interest held by the Capricorn Group in the AESW concession was 6.1 kboepd for the period between the Egypt Closing Date and 31 December 2021 and 4.8 kboepd for the six months ended 30 June 2022.

In respect of the fiscal terms of the AESW concessions, there is a cost recovery limit of 30 per cent., with the contractor's share of profit oil/gas/LPG ranging from 15 per cent. to 17 per cent.

(i) *Summary*

The AESW concession incorporates the oil and gas fields of Al Karam, Al Assil, Bahga, and Al Magd. The concession is sited approximately 40km to the South West of the BED area and 300km to the West of Cairo in the Western Desert. The fields of Al Karam and Al Assil produce from stacked oil and gas reservoirs. The Al Barq, Al Magd, and Bahga fields are based predominately on oil production. Oil processing capability exists at Bahga with pipelines connecting these facilities to BED for export. Two infield gas pipelines connect the AESW gas well sites with BED processing facilities. The active well count as at 30 June 2022 was 37 wells. Out of these wells, there are 30 production wells and seven water injection wells. Production is forecast to continue until the end of the current concession terms as listed in the following table.

Assil	1 April 2033
Al Karam	1 April 2033
Al Magd	1 April 2033
Al Barq	28 May 2032
Bagha	28 May 2032

(ii) *Facilities*

AESW assets consist of one main camp and three operating stations: Barq, Bahga, and Magd. The Barq oil field is no longer in production, but it processes third-party oil from the BED Sitra field through its separator system. Barq station also processes incoming oil from Bahga and Magd fields, which is first stored in Barq oil tanks and then exported to BED 3 with Sitra oil.

The Capricorn Group's net WI commercial reserves and contingent resources associated with the AESW concessions as at 30 June 2022 are shown in the following table:

	Oil (mmbbl)	Gas (bcf)	Total (mmboe)
Commercial Reserves (2P)	3.3	83.7	18.3
Contingent Resources (2C)	1.7	32.3	7.4
Total	5.0	116.0	25.7

4.5 New development areas

The most mature potential development will be the Teen field in the North Matruh (NM) Concession, which was discovered by the Teen-1 exploration well in 2016. This was followed by subsequent, successful appraisal wells in 2017 (Teen-2) and 2019 (Teen-3). The initial development will include the work-over and re-completion of each of these wells and installation of an early production facility (“EPF”) to produce gas and condensate via a new manifold and separation system and tie-in to third party processing and transportation facilities. Development of the full field will be optimised based on the results from the current pilot.

The Capricorn Group’s net working interest reserves and contingent resources associated with the North Matruh concession as at 30 June 2022 are shown in the following table:

	Oil (mmbbl)	Gas (bcf)	Total (mmboe)
Commercial Reserves (2P)	0.6	8.4	2.1
Contingent Resources (2C)	3.5	35.6	9.8
Total	4.1	44.0	11.9

4.6 Exploration and appraisal

(A) Egypt

The Capricorn Group’s Western Desert exploration interests hold significant exploration potential, with exploration well drilling campaigns and seismic acquisition programmes across four exploration concessions planned in the next three years.

Since acquiring the Egypt Concessions, the portfolio has been matured with drilling targets identified. The Capricorn Group will initiate its operated exploration programme in Egypt with two wells (Capricorn 50 per cent. WI) in the South Abu Sennan concession, planned for Q1 2023. Capricorn expects that this exploration drilling campaign across all three operated concessions will extend through to the end of 2023. The non-operated NUMB W1 exploration well (Capricorn 50 per cent. WI) was safely drilled in North Um Baraka in Q4 2021 by the operator Cheiron, with the well being temporarily plugged.

The Capricorn Group completed a 3D seismic acquisition in the non-operated North Um Baraka concession in Q2 2022 (Capricorn 50 per cent. WI), with further 3D acquisition commenced over the Capricorn Group-operated concessions in Q3 2022 and completed in Q4 2022. These new, high-resolution seismic surveys will provide improved imaging in prospective areas and will be particularly beneficial in imaging the deeper and under-explored Jurassic and Palaeozoic sections.

The Capricorn Group has a 50 per cent. WI in three exploration blocks at South Abu Sennan, South East Horus and West El Fayium. Capricorn Egypt is also operator of these three exploration concessions.

The exploration commitments for the initial exploration phases under these concessions include an initial financial commitment, of which Capricorn Egypt’s net share will be US\$19.75 million and the drilling of nine wells. The first of these commitment wells in the Capricorn Group operated South Abu Sennan concession is expected to commence drilling in Q1 2023. The exploration commitment for the second exploration phase in the North Um Baraka concession is two wells, which includes a net financial commitment of US\$3.75 million.

The fiscal terms in respect of these new concessions provide a cost recovery limit of 27 per cent., with the contractor’s share of profit oil ranging from 14 per cent. to 23 per cent. (19 per cent. to 23 per cent. in respect of profit gas/LPG). The contractor is also entitled to recover a 5 per cent. share of excess cost oil, pursuant to the South East Horus and West El Fayium concessions.

(B) **Mexico**

The Capricorn Group has interests in three blocks offshore Mexico, one as operator (Block 9: Capricorn 50 per cent. WI), and two as non-Operator (Block 7: Capricorn 30 per cent. WI and Block 10: Capricorn 15 per cent. WI).

Drilling of the Yatzil prospect on Block 7, the Capricorn Group's final commitment exploration well in Mexico, is due to spud in Q1 2023. This is the Capricorn Group's final commitment exploration well in Mexico.

(C) **United Kingdom**

In the second half of 2021, the Capricorn Group farmed into and became operator of five Southern North Sea licences: P2428 and P2567 (Capricorn 60 per cent. WI) and P2560, P2561 and P2562 (Capricorn 70 per cent. WI) with partner Deltic Energy. The Capricorn Group also completed the acquisition of nearly 700 km² of broadband 3D seismic data over the P2428 licence and surrounding area in November 2021, which fulfils its work programme commitments for the current and next licence phases and will inform a drilling decision in the future.

(D) **Suriname**

The Capricorn Group operates Block 61 (100 per cent. WI), situated in the Guyana-Suriname basin, where significant discoveries continued to be made during 2021 and 2022. The potential acquisition of 3D seismic is being considered, which is the work commitment for the next exploration phase. In December 2022, Phase 1 of the Block 61 production sharing contract was extended by two months to 25 August 2023. The Capricorn Group is seeking partners to participate in the next phase of development.

(E) **Mauritania**

The Capricorn Group has a 90 per cent. WI as Operator in Block C7 in offshore Mauritania effective from May 2021. The licence has a two-year first exploration period. In Q4 2021, seismic reprocessing data was received and is being interpreted over the main prospect (called Dauphin), an amplitude-supported target updip from a discovery in the same stratigraphic interval. Dauphin could contain as much as one billion barrels of recoverable oil. An environmental baseline and drilling site survey was mobilised in Q1 2022 with data gathered to inform a drilling decision ahead of the next licence phase. The Capricorn Group is seeking partners to participate in the next licence phase.

4.7 Disposals and Relinquishments

(A) **Disposal of Capricorn's interests in the Catcher and Kraken Fields**

Following a general meeting in October 2021, the Capricorn Group announced the completion of the sale of its interests in the UK Catcher and Kraken fields to Waldorf Production UK plc ("**Waldorf**") for a cash consideration of US\$455 million plus additional contingent consideration dependent principally on oil prices and production volumes in respect of the divested interests from 2021 to the end of 2025.

The Capricorn Group sold its entire 20 per cent. interest in the Catcher field and a 29.5 per cent. interest in the Kraken field.

Consideration under the Catcher/Kraken SPA was: (i) an initial cash consideration of US\$425 million, subject to adjustments for working capital and other customary interim period adjustments; (ii) further purchaser bonds of US\$30 million, sold shortly after completion, and (iii) additional contingent consideration dependent on oil prices from 2021 to the end of 2025 and minimum production levels being achieved.

On 30 June 2022, Capricorn received US\$75.7 million, excluding interest, from Waldorf in respect of the 2021 contingent consideration.

At 30 December 2022, the fair value of 2022-2025 earn-out consideration was valued at US\$205 million. This is a reduction from the US\$240.9 million as at 30 June 2022 presented in the

Capricorn Group H1 2022 Restated Financial Statements, as a result of the impact of lower oil prices since the valuation in the Capricorn Group Restated H1 2022 Financial Statements. Approximately US\$120 million of the fair value of the earn-out consideration is expected to be payable at the end of March 2023.

The disposal is expected to further strengthen Capricorn's balance sheet and provide flexibility to sustain and prolong Capricorn's producing asset base.

(B) Disposal of Capricorn's interests in Senegal

In December 2020, following receipt of all necessary approvals, the Capricorn Group completed its disposal of Capricorn Senegal Limited's entire participating interest in the Rufisque Offshore, Sangomar Offshore and Sangomar Deep Offshore ("RSSD") joint venture to Woodside.

Woodside entered into a binding sale and purchase agreement to acquire the Capricorn Group's entire participating interest in the RSSD joint venture in September 2020, following its exercise of its pre-emption rights in August 2020.

The purchase price for the transaction was US\$300 million, plus a working capital adjustment of approximately US\$225 million, which included a reimbursement of the Capricorn Group's development capital expenditure incurred since 1 January 2020. Additional payments of up to US\$100 million are contingent on commodity prices and timing of first oil. The amount of the contingent payment, if any, is variable depending on the timing of first oil being in 2023 and the average Brent oil price for the 180 days after first oil being over US\$60/bbl. If first production is delayed and/or oil prices fall, then the payment may be reduced down to US\$50 million or US\$25 million or zero under various scenarios.

Woodside Energy, the current operator of the Sangomar field, reported in Q4 2022 that the Phase 1 project was 70% complete and estimated first oil in late 2023. The latter increases the risk that the contingent receivable is reduced from US\$100 million to US\$50 million or less. The contingent receivable currently has a risked value of US\$57 million, which is a decrease from US\$73 million at H1 2022, due to an increased risk of delay.

(C) Relinquishment of Capricorn's interests in Israel

The Capricorn Group, together with its joint venture partners, submitted relinquishment notices relating to all eight offshore licences to the Israeli Ministry of Energy on 26 July 2022, with the licences terminating automatically effective from 27 October 2022.

(D) Relinquishment of certain Capricorn interests in Mexico

Capricorn relinquished its interests in Block 15 in Mexico with effect from 22 September 2022.

(E) Relinquishment of certain Capricorn interests in UK

Capricorn, together with its respective joint venture partners, relinquished licence P2468 and licence P2381, each with effect from 31 March 2022.

Capricorn also relinquished licence P2380 with effect from 30 September 2022, and licence P2379 with effect from 31 December 2022.

(F) Contingent payment rights

For information on contingent payment rights in respect of the Capricorn Group's disposals, please refer to paragraph 7.1 (Capricorn) of Part XVIII (*Additional Information*) of this document.

5. Sustainability Commitment

The Capricorn Group is committed to promoting the efficient use of energy, with the aim of conserving natural resources, reducing atmospheric emissions and mitigating the impacts of its operations. The Capricorn Group released its Climate and Energy Transition roadmap in September 2021, which sets out its medium-term target to reduce absolute emissions by 25 per cent. by 2030, as well as its commitment to an accelerated target of net zero Scope 1 and 2 emissions by 2040 or earlier. Achieving these targets will involve a hierarchy of options for avoiding, reducing, substituting and offsetting greenhouse gas emissions and which includes opportunities for carbon capture, utilisation and storage to be explored. In September 2022, the Capricorn Group also announced a further interim target of reducing greenhouse gas emissions by at least 15 per cent. by 2025 through, amongst other things, power generator rationalisation and fuel substitution of diesel for clean-burning gas progressing, electrification of BED area, assessing methane monitoring solutions and diversified high quality carbon offsetting.

The Capricorn Group makes annual carbon disclosure submissions to the Carbon Disclosure Project. In 2021, it submitted the Climate Change and Water questionnaires and received a rating of B- for each submission, which falls within the 'management band'. In 2022, Capricorn improved its CDP rating to B for both Climate Change and Water submissions.

The Capricorn Group reports on both an operated and an equity basis. It has set out targets against equity Scope 1 and 2 emissions, taking accountability for assets beyond its operational control. Due to the dynamic nature of its evolving portfolio, Capricorn intends to use the year 2022 as the baseline against which its targets will be measured, with full year emissions from the Egyptian Western Desert Portfolio taken into account. The Capricorn Group also reports Scope 3 emissions from business travel and from the use of products sold.

Capricorn announced in the Capricorn Group H1 2022 Results that it intended to complete a greenhouse gas baseline survey in respect of its operations in Egypt by the end of the year. This has now been completed, and further details of its findings will be published as part of the annual reporting process for the year ended 31 December 2022.

For more information on the Capricorn Group's climate change and environmental, social and governance targets and reporting in respect of the financial year ended 31 December 2021, please see pages 18 to 23 and pages 56 to 66 of Capricorn's Annual Report 2021, which is hereby deemed to be incorporated in, and forms part of, this document.

Part VI

Information on the NewMed Group

This Part VI (Information on the NewMed Group) should be read in conjunction with the more detailed information contained in this document, including the financial and other information appearing in Part X (Operating and Financial Review Relating to the NewMed Group). Where stated, financial information in this section has been extracted from Part XII (Historical Financial Information Relating to the NewMed Group).

1. Overview

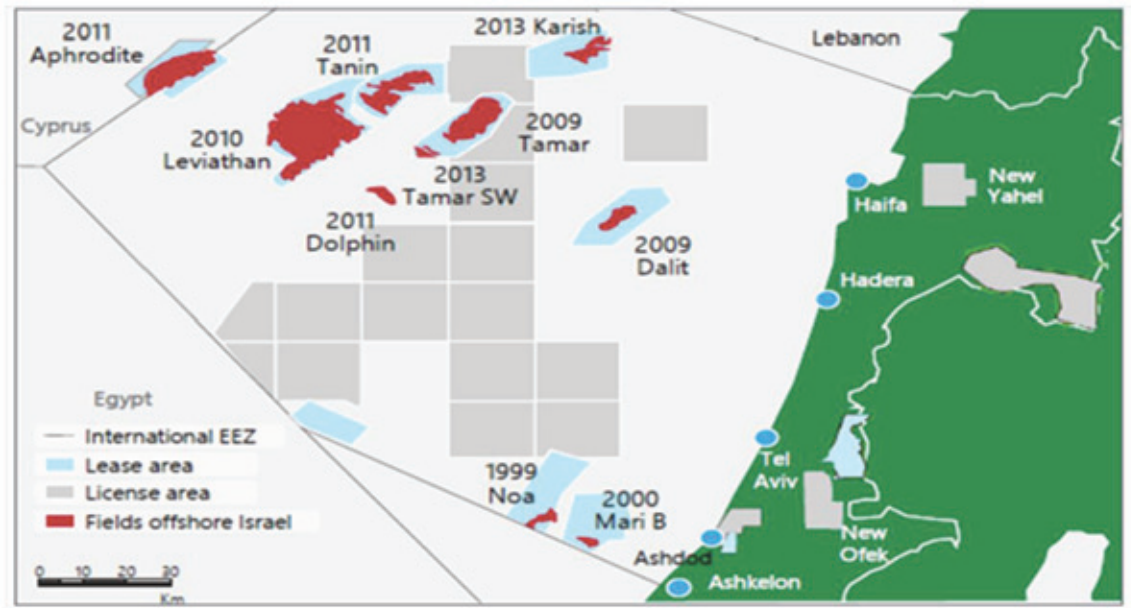
The NewMed Group is a leading independent group involved in the exploration, development, production and commercialisation of natural gas in the Eastern Mediterranean. Its principal asset, the Leviathan Project, produces and sells material quantities of natural gas to customers in Jordan, Egypt and Israel. Gas sales are pursuant to the terms of offtake agreements, many of which have a take-or-pay commitment and floor prices. NewMed is a public limited partnership with participation units trading on the TASE and is the parent entity for the NewMed Group. The NewMed Group holds interests in:

- the Leviathan Project, which operates the Leviathan Field, a high quality reservoir with approximately 22 TCF of total natural gas resources (gross (100 per cent.) 2P and 2C) as at 30 September 2022 and the largest gas discovery in the region, with current production capacity of approximately 12 BCM per annum (1.2 BCF/D) and with potential for further development of approximately 21 BCM per annum (2.1 BCF/D);
- the Aphrodite Project, based on the Aphrodite Field within Block 12, is the first gas discovery in the Cypriot EEZ with 3.5 TCF of 2C resources and 0.9 TCF of prospective resources (2U) as at 30 September 2022, and could potentially commence supply of natural gas in this decade;
- the Karish and Tanin Royalties which relate to the Karish and Tanin Fields in Israel (which NewMed Group and Chevron sold to Energean in December 2016; gas flow from the Karish Field commenced in late October 2022);
- the Yam Tethys Project, which produced from the Yam Tethys Fields, including the first commercial natural gas discoveries offshore Israel (now fully depleted, but maintains facilities currently used by the Tamar Project under the Tamar FUA); and
- EMED BV (a 25 per cent. holding), which holds 39 per cent. in the East Mediterranean Gas Company (EMG), and a Capacity Lease Operatorship Agreement under which EMED gained full capacity and operation rights in the EMG Pipeline, connecting the Israeli and Egyptian transmission systems, to enable the flow of gas from Israel to Egypt.

As at 30 September 2022, the NewMed Group's total 2P reserves were 5.9 TCF and its 2C resources were 5.1 TCF (of which Leviathan accounted for 5.9 TCF and 4.0 TCF, respectively) and 24.2 MMBL of 2P+2C condensate.

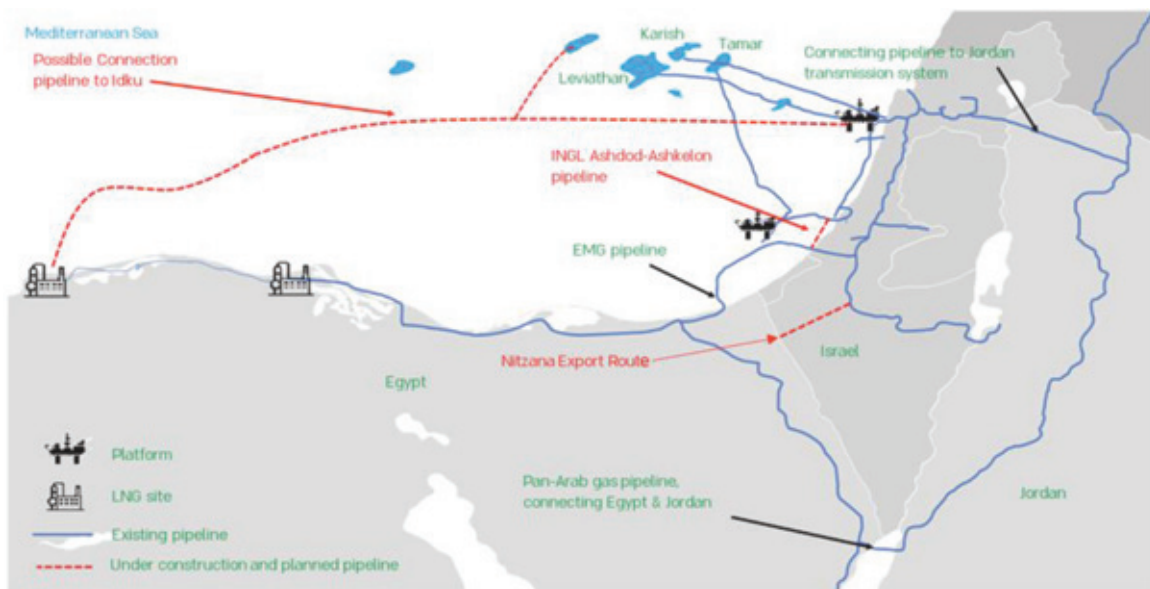
The NewMed Group has a highly visible growth path with multiple export options, including via the EMG Pipeline, the onshore pipeline to Jordan and to Egypt via Jordan, other potential pipelines under consideration, and ongoing discussions regarding other potential options for LNG and CNG exports.

Gas Discoveries by NewMed⁵⁴



Source: NewMed information.

Regional Connectivity



Source: NewMed information.

2. History

NewMed is the leading Israeli energy partnership in the exploration, development, production and sale of natural gas and condensate in the Eastern Mediterranean. NewMed Group has a successful track record of gas reservoir discovery, development and commercialisation of natural gas discoveries, including the Tamar Field, which is adjacent and geologically similar to the Leviathan Field and has a similar development, design and commercialisation profile. The Yam Tethys project was the first offshore gas development in Israel and kick-started Israel's gas market.

⁵⁴ Following the sale of its interests in Karish and Tanin Fields, the NewMed Group holds an entitlement to certain royalties. See "—Karish and Tanin Royalties".

Key events in NewMed's history are summarised below (gas volumes mentioned below are summations of actual production, and best estimates of reserves (2P) and contingent (2C) resources):

1999: Discovery of the Noa Field (ultimate recovery of 0.03 TCF)

2000: Discovery of the Mari B Field (ultimate recovery of 0.9 TCF)

2004: Yam Tethys Project commences production

2009: Discovery of the Tamar (estimated ultimate recovery of 12.0 TCF) and Dalit (estimated ultimate recovery of 0.3 TCF) Fields

2010: Discovery of the Leviathan Field (estimated ultimate recovery of 22.9 TCF)

2011: Discovery of the Aphrodite Field (estimated ultimate recovery of 3.5 TCF)

2012 and 2013: Discoveries of the Tanin and Karish Fields, respectively (combined estimated ultimate recovery of 2.4 TCF)

2013: Discovery of the Tamar SW Field (estimated ultimate recovery of 1.0 TCF)

2013: Tamar Project commences production

2016: Sale of Karish and Tanin Fields to Energean

2016: NEPCO Export Agreement to export gas to Jordan is signed

2017: Final investment decision regarding the Leviathan Project

2017: Commencement of gas exports to Jordan from the Tamar Field

2017: Sale of a 9.25 per cent. working interest in the Tamar Project to Tamar Petroleum

2018: BOE Export Agreement to export gas to Egypt is signed

2018: EMED EMG Share Purchase Agreements are signed

2019: Leviathan Project commences production and supply to the Israeli market (31 December)

2019: Approval of the Aphrodite Field development programme by the Government of Cyprus

2020: Leviathan Field commences exports to Jordan (NEPCO) and Egypt

2021: Sale of the remaining 22.0 per cent. working interest in the Tamar Project to Mubadala Energy

In August 2015, the Israeli Government adopted a resolution providing a framework for increases in natural gas quantities produced from the Tamar Field and the expeditious development of certain natural gas fields offshore Israel, including, among others, Leviathan, Karish and Tanin (the "**Gas Framework**"). Pursuant to the provisions of the Gas Framework, NewMed sold its interests in the Karish and Tanin fields in 2016, and was required to sell its 31.25 per cent. interest in the Tamar and Dalit Leases to an unrelated third party by 17 December 2021. Accordingly, on 20 July 2017, NewMed sold a 9.25 per cent. working interest in the Tamar and Dalit Leases to Tamar Petroleum Ltd. (which is a public company listed on the TASE), and on 9 December 2021, NewMed Group sold its remaining 22.0 per cent. working interest in the Tamar Project to two wholly-owned subsidiaries of Mubadala Energy, an affiliate of the Mubadala Investment Company PJSC group, for a total consideration of approximately US\$969 million (as at the Latest Practicable Date).

3. Competitive Strengths

NewMed believes that the NewMed Group's principal competitive strengths are as follows:

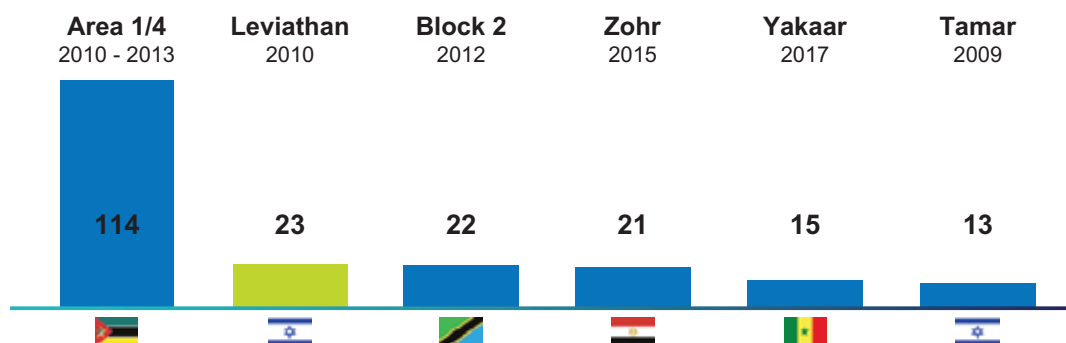
3.1 A world-class asset base with a long-life and low-cost production profile.

The NewMed Group is among the largest exploration and production companies in the East Mediterranean focused on natural gas. The NewMed Group holds interests in the Leviathan Project in Israel and the Aphrodite Project in Cyprus. In addition, the NewMed Group is entitled to royalties related to production from the Karish & Tanin leases and has an indirect 9.75 per cent. interest in the EMG Pipeline. The NewMed Group has an aggregate of approximately 5.9 TCF of 2P Reserves and approximately 5.1 TCF of 2C resources (*Source: Resources Consultant's Reports*), principally through its interest in the Leviathan Field as at 30 September 2022.

The Leviathan Field is the NewMed Group's principal asset. Located approximately 130 kilometres to the west of Haifa, Israel, at a water depth of approximately 1,700 meters, it is the largest offshore gas field in Israel and the entire East Mediterranean basin. Featuring a high quality, prolific natural gas reservoir, the Leviathan Resources Consultant's Report estimates that as at 30 September 2022, the Leviathan Field had produced nearly 0.9 TCF since coming on-line in December 2019, and contained approximately 22 TCF of gross resources (13.1 TCF of 2P reserves and 8.9 TCF of 2C contingent resources (gross 100 per cent.)) (*Source: Leviathan Resources Consultant's Report*). The Leviathan Field's high permeability and porosity, together with its high connectivity and superior fluid properties (lean sweet gas composed of more than 98 per cent. methane and negligible impurities), result in ultra-high-flow-rate wells, low well count and limited gas processing needed. As a result, production opex levels of the Leviathan Project are expected to average US\$0.5/MCF⁵⁵ (US\$2.9/BOE) between 2023 and 2034, which compares favourably to other exploration and production companies' average⁵⁶ of approximately US\$2.5/MCF (US\$14.9/BOE). These superior reservoir characteristics also facilitate low expected capital expenditure need over the life of the Leviathan Field. Field performance to date indeed shows that the existing low well count and the simplistic development design support exploitation of the majority of the asset's resource base. Future expansion, to facilitate full depletion of the reservoir, would be based on this experience.

The Leviathan Field has current gross production capacity (Phase 1A) of approximately 12 BCM per year (1.2 BCF/D). In 2021, the Leviathan Field produced approximately 10.7 BCM (1.055 BCF/D) of gas, 0.7 BCM above NewMed Energy's forecasts as at 31 December 2020. Annual production from 2021 implies a 2P reserves life of 35 years and 2P and 2C resources life of approximately 59 years for the Leviathan Field,⁵⁷ comparing very favourably to other exploration and production companies' median life of 11 years for 2P reserves and 21 years for 2P and 2C resources. During the first three quarters of 2022, the Leviathan Project uptime was above 97 per cent.

Largest Gas Discoveries Since 2009 (Gross Recoverable TCF)



⁵⁵ Calculated based on the information contained in the Resources Consultant's Report, excluding gas transport costs.

⁵⁶ Includes Harbour Energy, Neptune Energy, Energean, Kosmos Energy, as at 2022H1 for Opex/BOE figures and 2021YE for reserve life figures.

⁵⁷ Reserve figures based on information provided in NewMed RCRs.

3.2 Strategically located in the East Mediterranean, well-positioned to take advantage of the Israeli energy transition and increasing gas demand in the region and from Europe.

The NewMed Group's assets are strategically located in the East Mediterranean, close to centres of significant and growing gas demand, including Israel, Egypt and Jordan and, following construction of relevant infrastructure, within reach of Europe.

The Leviathan Field, located offshore Israel, has direct piped access to Israel, Egypt and Jordan's gas transportation grids and is positioned to address the region's immediate and growing energy needs. The Leviathan Field (including based on its expansion capacity) and the Aphrodite Field, if and when developed, are well-positioned to supply gas to the regional market for consumption and to existing gas infrastructure including gas processing and LNG facilities in Egypt in the coming years.

The NewMed Group's core asset, the Leviathan Field, is a key asset for regional energy security and supports Israel's climate change initiatives, and has enabled the country to reduce carbon emissions and become a net exporter of gas. Since commencement of operations in December 2019, the Leviathan Field has become a major supplier of natural gas to the fast-growing Israeli domestic gas market, which features an expected demand of approximately 14.4 BCM in 2023, increasing to approximately 21.4 BCM in 2030 (*Source: BDO energy forecast*). This significant increase, which represents a CAGR of approximately 6 per cent., is mainly driven by the transition from coal-to-gas-fired electricity generation under a stringent government roadmap (which is enabled by Leviathan Field's gas supply), complemented by growing electricity demand in the country, penetration of electric vehicles, electrification of the railway system, increasing water desalination, increased connectivity of industrial clients to the domestic natural gas transportation and distribution networks and a shift to CNG and electric vehicle-based transportation.

3.3 The NewMed Group's key export markets have attractive characteristics.

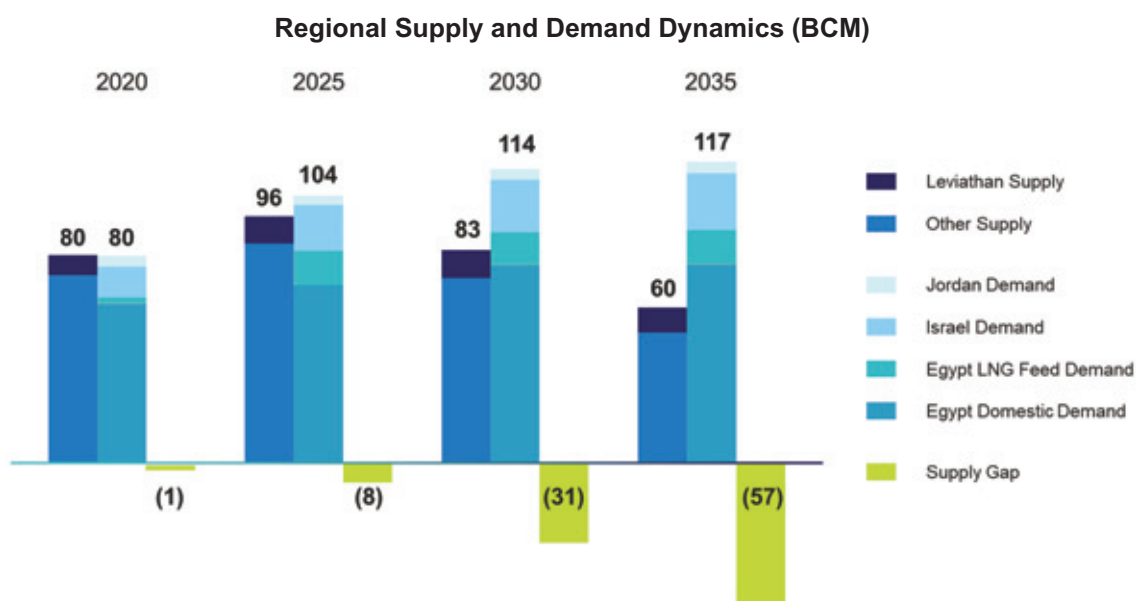
Egypt, the largest gas demand centre in the region with c.62 BCM total domestic consumption in 2021, is envisioned to become a regional gas hub and is expected to have a gas supply deficit in the medium-term due to increasing local demand and additional feed gas demand from the country's LNG export facilities (where the latter is estimated at up to 19 BCM per year), and little or no change in average domestic production from 2022 onwards (based on discovered sources to date). The Leviathan Field currently has an export agreement to Egypt via Blue Ocean Energy, a privately owned company incorporated to import natural gas into Egypt ("**BOE**"), relating to approximately 60 BCM of gas over 15 years, with a two-year potential extension. Egypt's commitment to Israeli gas is also evidenced by the Egyptian General Petroleum Company ("**EGPC**") and East Gas Company, an Egyptian governmental infrastructure company, being key investors alongside NewMed Energy in the EMG pipeline connecting Israel and Egypt.

Jordan relies on a stable flow of natural gas imports and does not have any notable domestic resources, which are unlikely to grow significantly in the foreseeable future. It is therefore reliant on a stable supply of natural gas from Israel, and the NewMed Group is strategically positioned to meet such demand. The Jordanian National Electric Power Company ("**NEPCO**")'s contract with Leviathan is for the supply approximately 45 BCM of gas over 15 years.

On 24 February 2022, the Russian army invaded Ukraine. As a result, the United States, the United Kingdom and the member states of the EU imposed a series of economic punitive measures against Russia, which included, among others, sanctions in the fields of natural gas and oil production and supply. Following the above and in light of Russia's status as a major global supplier of natural gas and oil, a global energy crisis has begun to emerge which is expressed, *inter alia*, in excess demand for natural gas and for other fuels relative to the available supply in the international market, concerns of a long-term shortage of natural gas and oil, rises in the natural gas and oil prices in the global markets, and volatile trade therein. As at the Latest Practicable Date, NewMed estimates that the effects of the global energy crisis will influence global energy markets for the foreseeable future. However, NewMed cannot estimate the long-term effect of the crisis on the energy markets and particularly on NewMed's operations. In this context, it is noted that in 2021, Russia supplied c.155 BCM of natural gas to European countries, c.40 per cent. of total European gas consumption. At present, in view of the events specified above, both the EU as a whole, and governments in Europe are seeking to diversify

their natural gas sources with the aim of permanently ending the dependence on natural gas imported from Russia. This target may lead to additional significant demand for natural gas (via a pipeline or liquefaction and transportation) from other sources.

With an increased focus and urgency since the invasion of Ukraine in February 2022, on 15 June 2022, a memorandum of understanding was signed between Israel, Egypt and the EU regarding collaboration in the trade, transport and export of natural gas to EU countries (the “**MOU**”), in particular the regular supply of natural gas to the EU countries from Egypt, Israel and other locations, through liquefaction of natural gas in liquefaction facilities in Egypt subject to preservation of the domestic energy security in the exporter countries and without Israel or Egypt impeding the export of natural gas to other countries. In addition, according to the MOU, the EU will encourage EU countries to participate in competitive processes and invest in natural gas exploration and production projects in Israel and Egypt. The NewMed Group believes it is well-positioned to deliver a reliable supply of natural gas to parts of the European market.



Source: NewMed management estimates including some based on market studies.

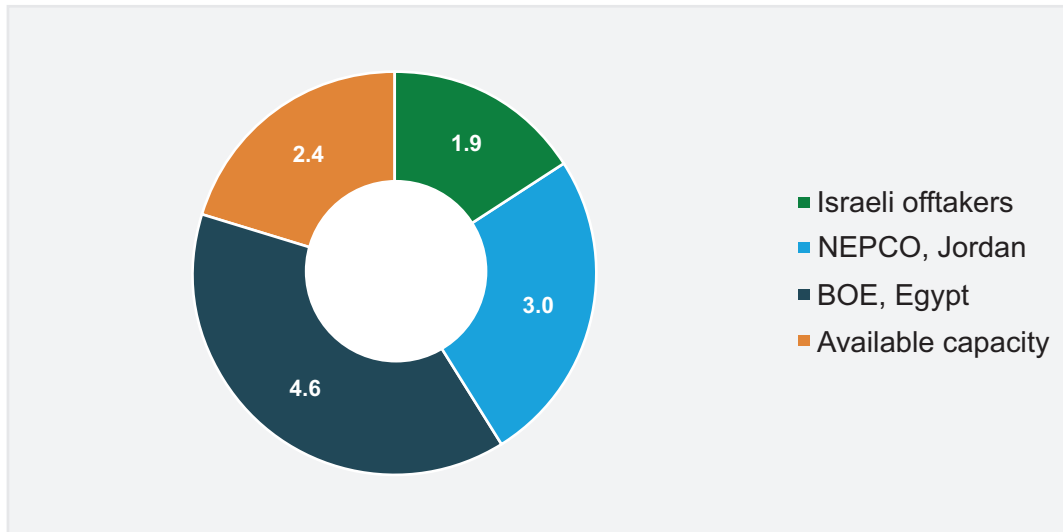
3.4 Strong contracted long-term cash flow generation supporting attractive and sustainable returns with mitigation of downside commodity price risk.

To date, the Leviathan Partners have entered into several Offtake Agreements, representing a robust and diversified contracted client base of Israeli domestic and international offtakers. These vary between short-term contracts and contracts with durations of up to 25 years.

These include Leviathan Offtake Agreements with a diversified range of customers, comprising approximately 10 Israeli offtakers (not including short-term and spot agreements), including independent power producers with a TCQ of approximately 19 BCM and contract durations of up to 25 years, and industrial customers with a TCQ of approximately 4.5 BCM with short and long-term contracts of up to 15 years.

In addition, two export Offtake Agreements for the sale of natural gas to Egypt and Jordan have been signed with BOE (TCQ of approximately 60 BCM over 15 years) and NEPCO (TCQ of approximately 45 BCM over 15 years), respectively. To NewMed Group’s knowledge, the ultimate offtaker for gas supplied to BOE is the Egyptian Natural Gas Holding Company (“**EGAS**”), a 100 per cent. Egyptian state-owned holding company. NEPCO is Jordan’s National Electric Power Company, and is wholly owned by the Jordanian Government.

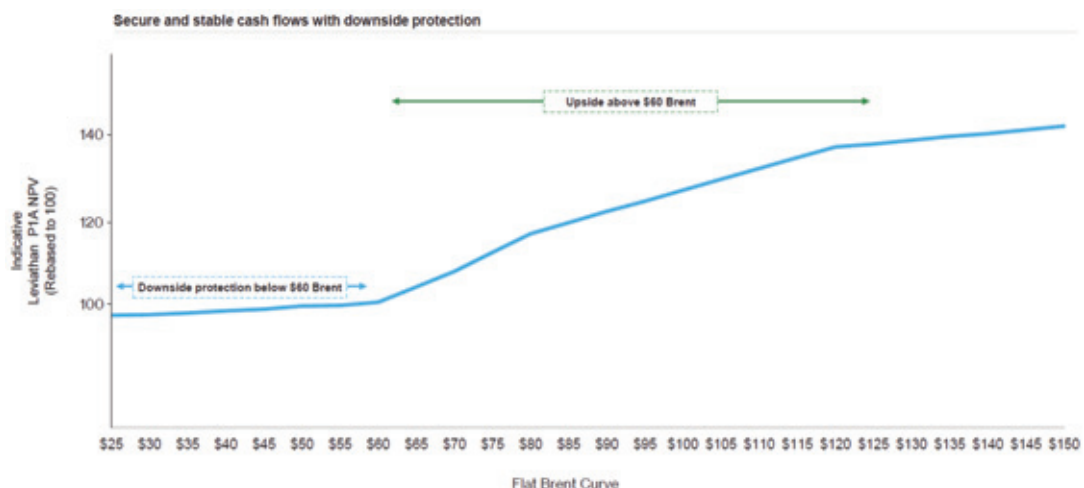
**Current Contract Status
Gross Capacity c.12 BCM Per Year**



Source: NewMed information. Maximum Annual Contracted Quantity for 2022.

Although individual Leviathan Offtake Agreement contractual terms, such as tenor and price linkages vary, all contracts (excluding contracts for supply on an interruptible basis and spot agreements which are not material in volume) include high level take-or-pay commitments, which significantly mitigate volume risk. Leviathan Offtake Agreements also include credit coverage mechanisms, which mitigate credit risk. Contracts are US\$-denominated, with pricing formulas generally linked to either the Brent crude price or the EA Tariff, or fixed pricing mainly for short-term offtake contracts. All pricing formulas include minimum unit sale prices (also referred to as the “floor price”), which limit exposure to depreciation in low Brent prices and provide an upside for appreciation in the Brent crude price or the electricity production cost as published by the Israeli Electricity Authority. The combination of the take-or-pay mechanism together with floor prices underpin a stable and visible revenue stream for the Leviathan Field and provide mitigation from commodity price downside risk (and potential upside).

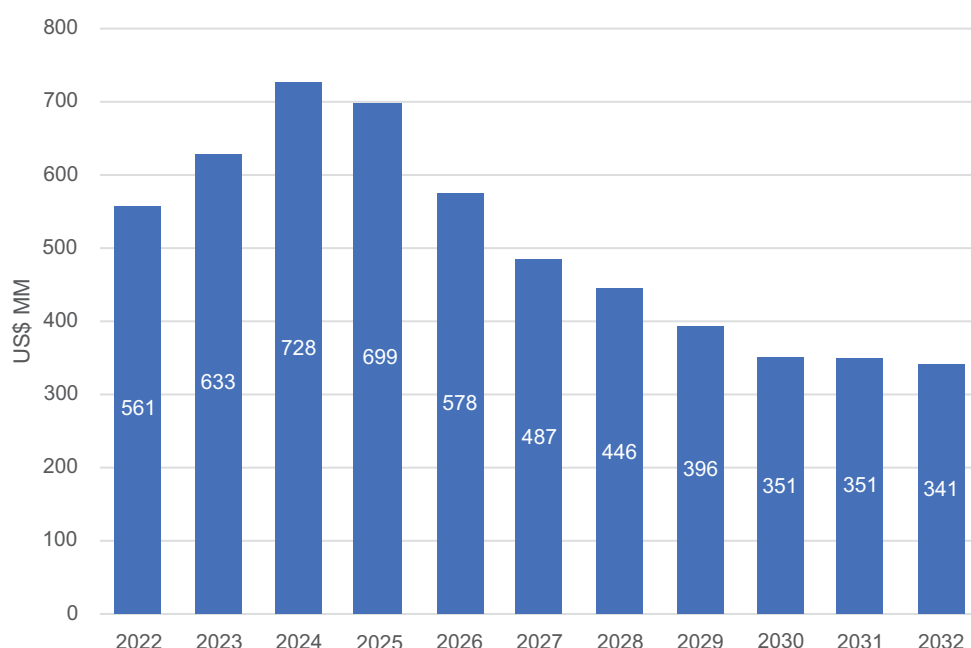
**Illustrative Leviathan PV-10 Sensitivity to Brent Price –
Based on 2P Production Profile Run at Flat Brent Curve**



Source: Based on NewMed management analysis

The strong revenue profile, together with the low unit operating and capital expenses driven by its high quality reservoir and lean operations, offer the Leviathan Field the ability to generate long-term, stable and robust cash flows, which will provide an attractive, visible and sustainable return profile to the Combined Company’s shareholders.

NewMed Leviathan Working Interest 2P Cash Flow



Source: Based on the information contained in the Leviathan Resources Consultant's Report as at 30 September 2022.

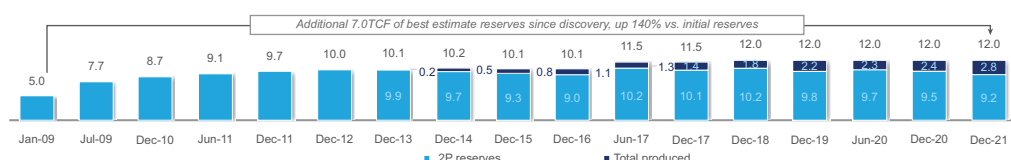
3.5 Visible growth path via production expansion, reserve uplift and commercialisation of resources and exploration upside supporting sales to attractive end markets.

The NewMed Group's asset portfolio provides a strong and visible growth path in the short, medium and long term with an optionality for additional gas sales.

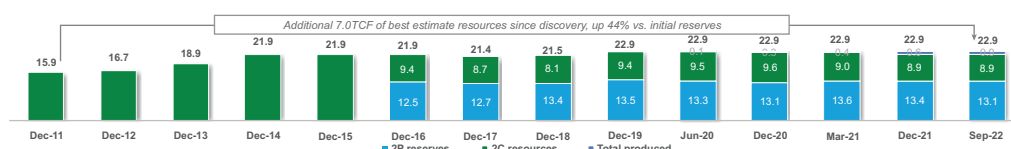
3.6 Resource uplift potential at the Leviathan Field.

Since its discovery in 2010, the Leviathan Field's estimated ultimate recovery increased significantly by 44 per cent., from 15.9 TCF (as at December 2011) to 22.9 TCF (as at 30 September 2022), driven mainly by a comprehensive appraisal database and robust analysis thereof, and application of lessons learned from the Tamar Field where the NewMed Group and Chevron were partners. Based on their experience at Tamar, where a significant uplift in reserves was accomplished by appraisal data base and integrating production data into the static database, the Company believes there is potential for further resource uplift at the Leviathan Field, which will enable high resource life even at increased production capacities.

Tamar Gross (2P) Gas Reserve Development (TCF)



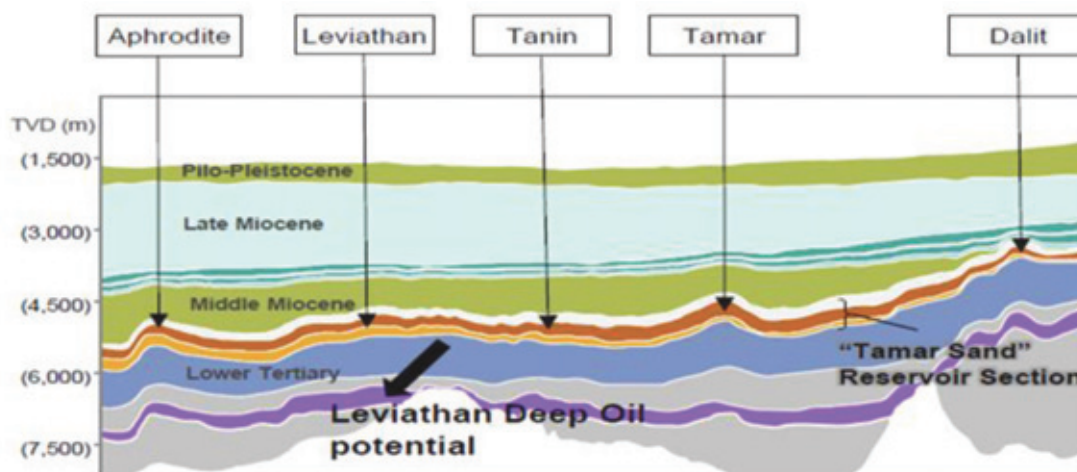
Leviathan Gross (2P+2C) Gas Resource Development (TCF)



Source: Leviathan Resources Consultant's Report, NewMed information and NSAI reports published by the Tamar Partners. Tamar's 5.0 TCF as at January 2009 represents gross mean resources. NewMed Group disposed of its interest in the Tamar Project in December 2021.

The two Leviathan Deep prospects provide material upside, with a potential combined best estimate oil and gas gross prospective resources of 379 MMbbl and 0.39 TCF, respectively⁵⁸ (Source: Leviathan Deep Resources Consultant's Report). The NewMed Group is considering future evaluation of these prospects, which may include acquisition of new seismic data over Leviathan Deep, to further improve its existing dataset and facilitate consideration of potential exploration drilling.

A Conceptual Geological Cross-Section of the Levant Basin



(A) Leviathan Phase 1B

The Leviathan Platform features a modular design that enables cost-effective capacity expansion.

Leviathan's Phase 1B is expected to bring an additional nameplate capacity of approximately 9 BCM per year, which would include: (i) the drilling of four additional initial subsea production wells; (ii) the construction and installation of related subsea systems; and (iii) the expansion of the Leviathan Platform's processing capabilities by an additional approximate 9 BCM per year to a total processing capacity of approximately 21 BCM per year (2.1 BCF/D) (referred to as the **"Regional Export Module"** or **"REM"**). As at the Latest Practicable Date, a final investment decision for the development of Phase 1B has not yet been approved.

As at the Latest Practicable Date, the Leviathan Partners are examining the acceleration of an investment in a gathering line from the Leviathan Field to the platform (the **"Third Gathering Line"**). This acceleration is part of a larger scope initiative to increase the production capacity of the system by removing bottlenecks. It is clarified that the laying of the Third Gathering Line depends on the adoption of a final investment decision, which NewMed expects to be adopted by the Leviathan Partners in H1 2023. The investments in the laying of the Third Gathering Line, together with the investments in the platform's related systems, are estimated at approx. US\$550 million (100 per cent.), to be made over a period starting from Q1 2023 until the expected operation of the Third Gathering Line in Q2 2025.

The Leviathan Partners are currently considering promoting various possible options for the development of Phase 1B and to increase the production rate to a volume of approximately 21 BCM per year (2.1 BCF/D), in order to make a final investment decision. Development possibilities may include development and expansion of natural gas flow infrastructures from the Leviathan Field to additional consumers in the target markets (primarily Egypt), supply to existing liquefaction facilities in Egypt, and the promotion of the possibility of liquefying natural gas through a floating liquefaction facility (FLNG) for marketing to the global markets. For the purpose of examining the various expansion alternatives, the Leviathan Partners approved a budget for the early stages of concept select engineering studies, in the amount of US\$19.5 million for 2022.

⁵⁸ Because of the geological risk associated with each prospect, meaningful totals beyond this level can be defined only by summing risked prospective resources.

(B) Leviathan Deep

The two Leviathan Deep prospects provide material upside, with a potential combined best estimate oil and gas gross prospective resources of 379 MMbbl and 0.39 TCF, respectively⁵⁹ as at 30 September 2022 (*Source: Leviathan Deep Resources Consultant's Report*). The NewMed Group is continuously evaluating its existing database with respect to the deep exploration targets in the Leviathan Leases, and considering further works, including acquiring a new seismic survey, to bolster the existing database and facilitate the decision-making process with respect to drilling new exploration wells.

(C) Aphrodite Field

The Aphrodite Field, in which the NewMed Group has a 30 per cent. interest, is located approximately 35 km west of the Leviathan Field, in the Cypriot EEZ. It is expected to provide a significant upside potential in the future, once its development has been sanctioned, and has the potential of being connected to existing facilities or development plans of nearby assets or jointly share a future potential export pipeline to Egypt with Leviathan. Raw gas could be flowed to existing liquefaction facilities in Egypt. The Aphrodite Partners recently committed approximately US\$192 million to drill an appraisal well and conduct some pre-FEED works towards the development phase. The FEED works of the Aphrodite Project are expected to be commenced by November 2023 and the first gas supply is expected in this decade, with a target of first gas in 2027.

In 2019, the Cypriot Government granted to the Aphrodite Partners a production and exploitation licence for 25 years, with a 10-year extension option and approved the development plan outline. The Aphrodite Partners are working with the Cypriot Government to update the development plan and to integrate the Aphrodite Field with existing regional infrastructure and facilities, including in Egypt. Further, the Aphrodite Partners plan to drill a third appraisal well with a view, based on its results, to use it as a production well.

The Aphrodite Field is geologically similar to the Leviathan Field, as both share the same petroleum system elements, for example the same reservoir interval, and similar hydrocarbon (gas and condensate) traits. As at 30 September 2022, the Aphrodite Resources Consultant's Report estimated that the Aphrodite Field contains approximately 3.5 TCF of 2C contingent resources and approximately 0.9 TCF of 2U prospective resources.

(D) Additional Gas Sales Potential

The potential increase in gas production can be monetised in different ways, such as through (a) the signing of new gas sale and purchase agreements (the "**GSPAs**") within the target markets of Israel, Jordan and Egypt, including to customers for liquefaction; (b) the development of a floating liquefaction facility ("**FLNG**") and sale of the LNG on the international market; or (c) the increase of export capacity and sales to Egypt via Jordan and/or a new onshore pipeline between Israel and Egypt which is currently being planned by INGL.

3.7 Strong operator and partners, with an unmatched management operational track record in the East Mediterranean.

Following the October 2020 acquisition of Noble Energy Inc. by Chevron Corporation, Chevron Corporation became the ultimate parent company of the operator of the Leviathan Field and Aphrodite Field. Chevron Corporation is one of the largest International Oil Companies ("**IOC**") in the world by market capitalisation as at the Latest Practicable Date, has significant operating experience across the world, and is a leading player in global gas markets, including LNG.

⁵⁹ Because of the geological risk associated with each prospect, meaningful totals beyond this level can be defined only by summing risked prospective resources.

Chevron Corporation's global operations ⁵⁸



Source: Chevron Corporation FY 2021 annual report.

The NewMed Group has a successful history of more than 20-years' partnership with Noble (now Chevron) in the East Mediterranean. During this time, the NewMed Group developed an in-depth understanding of the regional geology, which has translated into a successful track record of significant gas discoveries in the East Mediterranean offshore basin, including at Yam Tethys, Tamar, Aphrodite, Karish, Tanin and Leviathan, and strong development and operational success in the Yam Tethys, Tamar and Leviathan Fields.

Specifically, on the back of the experience gained on the development and production of Tamar, Noble (now Chevron) and the NewMed Group, along with Ratio, delivered the Leviathan development in less than three years from the final investment decision and below budget, achieving cost savings of approximately US\$217 million (on a 100 per cent. basis) versus the original cost estimate.

Chevron's strong relations with regional governments and operational presence in the region is expected to boost Leviathan's access to these regional markets, and Chevron Corporation's expertise in global LNG could be a catalyst in unlocking Leviathan's access to global LNG markets via further developments and commercial agreements.

In addition, the NewMed Group's management team has been instrumental in developing the East Mediterranean oil and gas industry.

The team is led by Yossi Abu, currently CEO of NewMed, who is a highly experienced professional in the oil and gas sector, having previously served as Senior Professional Advisor to Israel's Minister of Finance. Mr. Abu has also been instrumental in developing Israel's local regulatory framework for oil and gas, and key in establishing relationships with offtakers in Israel, Egypt and Jordan, negotiating very significant export offtake agreements for Tamar and Leviathan. Mr. Abu joined NewMed Group in 2009 and has served as CEO since 2011.

⁵⁸ List includes countries in which Chevron Corporation has substantial business activity.

In addition to its extensive operating experience gained, *inter alia*, at NewMed, the management team has significant experience raising capital in the international capital markets and maintaining close relationships with international lenders. In recent years, the management team led NewMed Group through a successful merger with Avner Oil Exploration (“**Avner Oil**”) in May 2017, arranged a US\$1.75 billion loan facility to finance Phase 1A of the Leviathan Development Plan, spun off a portion of NewMed’s interest in the Tamar Field in 2017 via a listing of Tamar Petroleum Ltd. on the TASE, completed a US\$2.25 billion debut bond offering for the Leviathan Field in August 2020 which replaced the previous loan facility, and successfully sold off NewMed Group’s remaining 22.0 per cent. working interest in the Tamar Project in December 2021 to an affiliate of Mubadala, building on the normalisation of relations between Israel and the United Arab Emirates.

4. Strategy

The NewMed Group’s main strategic objectives are as follows:

4.1 Maintain world-leading operating performance with a focus on the highest HSE standards.

The NewMed Group and its partners intend to maintain exceptional operating performance and uptime in its producing assets by leveraging its in-house expertise in geoscience and engineering, gained through the experience from the discovery and operations of the Yam Tethys, Tamar and Leviathan Projects. For example, since its start-up of, uptime levels at the Leviathan Field have been consistently high, underpinning the success and competency of the partners’ in operating world-class, large-scale gas fields. While the NewMed Group considers its average operating expenditures of US\$0.5/MCF at the Leviathan Field to be very competitive, the NewMed Group and its partners are in constant pursuit of operational excellence and profitability. The NewMed Group and its partners are fully committed to maintaining the highest HSE standards in their operations, and it is the NewMed Group and its partners’ goal to leverage the experience, knowledge and best practices across all disciplines within the NewMed Group and its partners to promote a culture of zero injury. For the nine months ended 30 September 2022, the Leviathan Field’s Total Recorded Injury Rate was zero.

4.2 Drive value through further commercialisation and development of the NewMed Group’s natural gas and petroleum assets.

The NewMed Group plans to continue its efforts to enter into additional offtake agreements with counterparties in its existing regional markets, as well as to enter into the global LNG market, and promote development plans for its vast base of contingent resources in the Leviathan Field and the Aphrodite Field. In order to meet the prospective additional demand for gas from the Leviathan Field, the NewMed Group intends to promote the development of additional phases of the Leviathan Field, including Leviathan Phase 1B, to increase production to approximately 21 BCM per year (2.1 BCF/D) and other development plans which the NewMed Group is currently exploring. The NewMed Group is committed to developing the Aphrodite Field, in short order.

The NewMed Group is examining the technological and economic feasibility of the construction of a floating liquefaction facility (FLNG) to export natural gas from the Leviathan Field.

Other potential export routes of the NewMed Group’s future additional production would be to the Turkish market by means of a designated pipeline or LNG cargoes and a new offshore pipeline from Israel to Europe (the “**East Med Pipeline**”). To the best of the NewMed Group’s knowledge, the East Med Pipeline project is being considered by the governments of Israel, Cyprus, Greece and Italy and would likely be built and operated by a third party. Both pipeline projects are under evaluation and may not materialise.

The NewMed Group is continuously evaluating its existing database with respect to the deep exploration targets in the Leviathan leases, and considering further works, including acquiring a new seismic survey, to bolster the existing database and facilitate the decision making process with respect to drilling new exploration wells.

4.3 Promote transition to natural gas in target markets to help drive low carbon energy consumption.

The NewMed Group plans to facilitate decarbonisation by working with local authorities and industry partners to accelerate the transition away from coal and fuel oils and towards natural gas and to increase demand in its target markets, especially Israel, and thus accelerate the transition towards a low carbon future. The NewMed Group plans to promote Israeli transportation projects that increase the use of natural gas, including public transport vehicles and trucks powered by compressed natural gas, as well as electric transportation. The NewMed Group continues to examine the promotion of projects in Israel that encourage the use of natural gas for industrial use in energy-intensive and hard-to-abate businesses and in industries where natural gas serves as feedstock. The NewMed Group estimates that Israel's policy to phase out coal-generated power by increasing gas-generated power, may increase local demand by up to approximately 4.3 BCM in respect of the period from 2020 to 2025.

4.4 Maintain a strong balance sheet with adequate liquidity and efficiently allocate capital to deliver sustainable dividends through commodity price cycles.

The NewMed Group aims to maintain a strong balance sheet and healthy liquidity levels to allow the necessary flexibility required by operational needs, potential growth investments and returns to shareholders under various commodity price scenarios. The NewMed Group and its partners have a comprehensive and disciplined approval process under the Leviathan JOA for capital expenditures and expansion projects. Combined with this, the NewMed Group's strong contracted cash flow generation serve as a foundation for its flexibility to allocate and return capital through the commodity price cycles.

4.5 Renewable energy and new energy technologies.

The NewMed Group aims to explore new energy technologies, including renewable energy opportunities, and to establish such technologies as a significant growth vector of its business. In August 2022, the NewMed Group entered into a non-binding memorandum of understanding with Enlight, a global renewable energy developer and independent power producer, to establish an exclusive collaboration for a fixed period regarding the initiation, development, financing, construction and operation of renewable energy projects in several target countries, including Egypt, Jordan, Morocco, the UAE, Bahrain, Oman and Saudi Arabia.

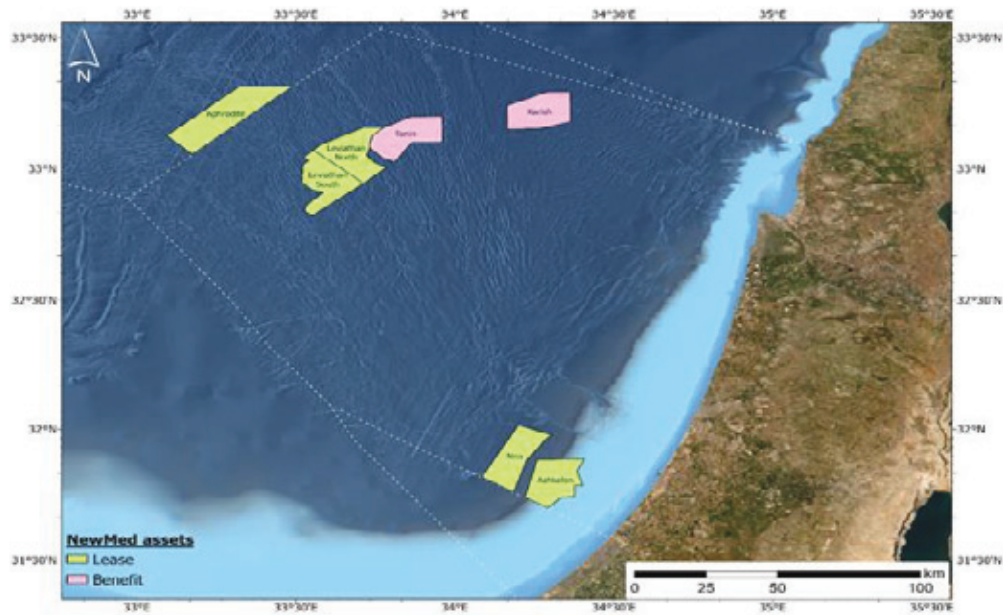
In addition, the NewMed Group is investigating the possibility of producing blue hydrogen from natural gas from the reservoirs in which it has an interest, combined with the capture and storage of the byproduct carbon. Hydrogen is a clean fuel whose burning in a designated combustion engine emits only water vapor. It is currently considered one of the main staples of a sustainable and prosperous low-carbon economy and may constitute a low-carbon substitute for energy consumers and also help address the climate crisis. As a result of this potential, interest in the production of hydrogen is growing, and NewMed is examining different opportunities aimed at streamlining its production and utilisation based on natural gas in a manner that will significantly reduce the carbon dioxide emissions byproduct of its combustion (for example NewMed is examining a possible blue hydrogen venture in which natural gas is split into hydrogen and carbon dioxide, with the carbon dioxide captured, transported and stored in subsurface storage sites). In Q4 2022, NewMed also entered into a memorandum of understanding with Uniper SE to examine the possibility of a collaboration for the supply of LNG to Europe and for the production of blue hydrogen and green hydrogen and its transportation from Israel to Europe.

5. Assets

5.1 Overview of the Assets

The assets of the NewMed Group include (a) a 45.34 per cent. interest in the Leviathan Leases; (b) a 30.0 per cent. interest in the Block 12 production sharing contract in Cyprus (the "**Aphrodite Project**"); (c) the Karish and Tanin Royalties relating to the Karish and Tanin Fields; (d) an indirect 9.75 per cent. interest in the EMG Pipeline; and (e) interests in the Yam Tethys Project (together, the "**NewMed Assets**").

The map below sets out the location of the NewMed Group offshore assets in the eastern Mediterranean.



As extracted without material adjustment from the Resources Consultant's Reports, the table below sets out the NewMed Group's interests in NewMed eastern Mediterranean assets and each such asset's (i) proved reserves; (ii) proved plus probable reserves; (iii) best estimates of contingent resources and (iv) best estimates of prospective resources as at 30 September 2022:

Asset			Leviathan Project	Leviathan Deep Prospect	Aphrodite Project
Right type			Lease	Lease	Production Sharing Contract
Interest (%)			45.34	45.34	30.00
Proved Reserves (1P)	Natural Gas	BCF	11,933.2	-	-
	Condensate	MMbbl	26.3	-	-
	Oil	MMbbl	-	-	-
Proved Plus Probable Reserves (2P)	Natural Gas	BCF	13,079.3	-	-
	Condensate	MMbbl	28.8	-	-
	Oil	MMbbl	-	-	-
Best Estimates of Contingent Resources (2C)	Natural Gas	BCF	8,890.8	-	3,476.7
	Condensate	MMbbl	19.6	-	7.6
	Oil	MMbbl	-	-	-
Best Estimate of Prospective Resources (2U)	Natural Gas	BCF	-	390.2	912.6
	Condensate	MMbbl	-	-	1.9
	Oil	MMbbl	-	379.2	-

5.2 The Leviathan Project

(A) The Leviathan Field

The Leviathan Field is covered by the Leviathan North and South leases, and located in Israel's EEZ, approximately 130 kilometres to the west of the shores of Haifa in the Eastern Mediterranean in a water depth of approximately 1,700 meters. It was discovered in 2010 and was one of the largest offshore gas discoveries at that time. The Leviathan Resources Consultant's Report estimates that as at 30 September 2022 the Leviathan Field contained approximately 22 TCF (13.0 TCF of 2P reserves (including approximately 11.9 TCF of 1P reserves) and 8.9 TCF of 2C contingent resources) of natural gas and approximately 48.4 MMbbl (28.8 MMbbl 2P reserves and 19.6 MMbbl 2C contingent resources) of condensate. For more details, please refer to the Leviathan Resources Consultant's Report attached hereto as Section A of Part XIV (*Resources Consultant's Reports*) on the NewMed Group.

The NewMed Group owns a 45.34 per cent. working interest in the Leviathan Field, meaning its total Leviathan Field resources are approximately 10.0 TCF (5.9 TCF of 2P reserves (including approximately 5.4 TCF of 1P reserves) and 4.0 TCF of 2C contingent resources) of natural gas and approximately 21.9 MMbbl (13.0 MMbbl 2P reserves and 8.9 MMbbl 2C contingent resources) of condensate.

With the commencement of first gas from the Leviathan Field in December 2019, gas supply to the Israeli domestic market significantly increased. As at the Latest Practicable Date, the Leviathan Field, Tamar Field and Karish Field are the only producing gas fields in Israel. The connection of the Leviathan Field to the INGL Grid significantly increased the volume of natural gas available to Israel and doubled the number of large-scale natural gas production projects supplying Israel. This connection is generating significant changes in the local Israeli market, such as the ability to expand electricity production from natural gas (increasing the consumption of existing customers and the emergence of new electricity producers) and enabling new sectors (beyond electricity generation) to establish themselves with natural gas as their primary energy source.

(B) The Leviathan Partners

NewMed, Ratio and Chevron are parties to the Leviathan JOA (as defined herein), which governs the contractual relationship between them in respect of the joint operations carried out in relation to the Leviathan Field. See Subsection (xv), Section (B), paragraph 5.3 of Part VI (*Information on the NewMed Group*).

The table below sets out the interests each of the Leviathan Partners hold in the Leviathan Project:

	Interest (%)
NewMed	45.34
Chevron	39.66
Ratio Energies – Limited Partnership	15.00
Total	100.00

(C) The Leviathan Development Plan

The Leviathan Development Plan includes two phases (Phase 1A, designed to meet the needs of existing and proved markets, and Phase 1B, designed to enable additional export capacity once further markets mature).

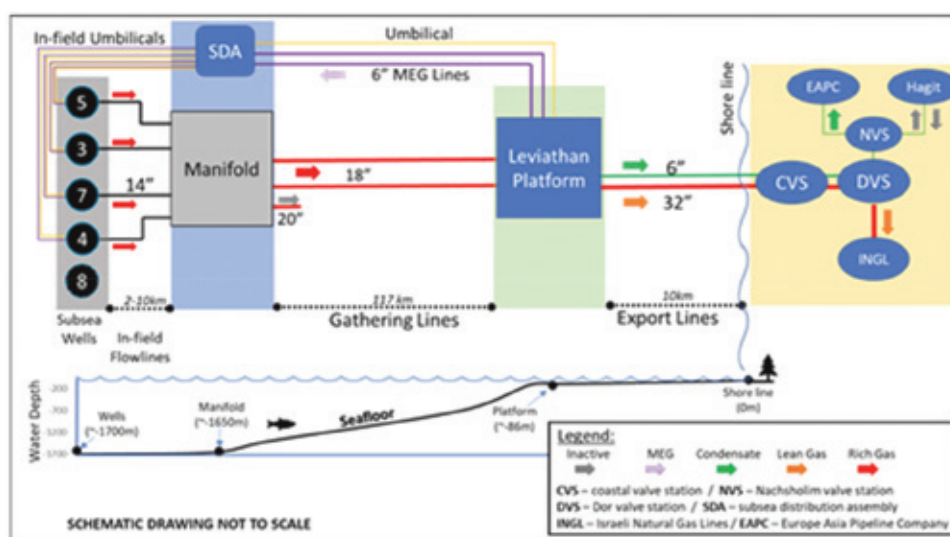
(i) Phase 1A

In February 2017, the Leviathan Partners made a final investment decision in respect of the development of Phase 1A of the project. As at the Latest Practicable Date, Phase 1A has been completed. The total cost to complete Phase 1A was US\$217 million less than the approved budget. Accordingly, the overall investment by the Leviathan Partners in the development of Phase 1A was approximately US\$3.7 billion, of which the NewMed Group's share was approximately US\$1.7 billion.

The Phase 1A development, which has been in production since December 2019, includes four subsea production wells. In June 2022, the Leviathan Partners completed the drilling of an additional fifth production well, which is expected to be on-line during the first half of 2023. The subsea production system connects the production wells to the Leviathan Production Platform (the “**Leviathan Platform**”), which is located within Israeli territorial waters, approximately 10 kilometres offshore of Dor. All the processing and treatment of both gas and condensate are conducted on the Leviathan Platform, thereby avoiding the need for any processing onshore. As Leviathan gas is inherently lean and sweet, processing is minimal, and limited to separation of gas from various liquids.

Gas flows from the Leviathan Platform to the northern onshore entry point of the National Transmission System near Dor, Israel (the “**INGL Connection Point**”). Condensate is piped to shore through a separate pipeline adjacent to the gas pipeline and flows through the connection to the onshore fuel pipeline of the Europe-Asia Pipeline Company (“**EAPC**”) and from there it is currently piped to Haifa Oil Refineries Ltd. (“**ORL**”). The onshore Hagit site includes a condensate storage tank, for the purpose of providing backup in the event that condensate flow to ORL is interrupted.

Production from Phase 1A of the Leviathan Development Plan started in December 2019. The Leviathan Field has achieved an average uptime of more than 97 per cent., since first gas. As at the Latest Practicable Date, approximately 80 per cent. of Phase 1A gross capacity has already been contracted for sales. See paragraph 5.6 of Part VI (*Information on the NewMed Group*) below.



(ii) Phase 1A Facilities

The Phase 1A production system facilities include five main sections:

- **Production Wells.** Four subsea operational production wells, each capable of producing up to 400 MMCF per day. Gas flows from the production wells, which are at a water depth of approximately 1.7 kilometres below sea level, to the subsea production system. A fifth production well is expected to be on-line during the first half of 2023.
- **Subsea Production System.** The subsea production system, which rests on the seafloor, connects the production wells to the Leviathan Platform. The subsea wells are connected to a manifold through 14-inch diameter infield flow lines from each well. Production flows from the manifold to the platform through two 18-inch gathering pipelines, which are approximately 117 kilometres long. In addition, the subsea production system includes two 6-inch subsea pipelines for the transmission of lean MEG from the Leviathan Platform to the wells, and a subsea umbilical which connects the Leviathan Platform to the wells and allows chemical injection monitoring and control of the wells.
- **The Leviathan Platform.** The Leviathan Platform is located approximately 10 kilometres from the Israeli shoreline at a water depth of approximately 86 meters. The topsides of the production

platform consist of two discrete modules positioned on top of a fixed jacket. The topsides modules are: (1) the domestic supply module (“**DSM**”) which includes, *inter alia*, facilities necessary for natural gas and condensate production and processing such as the separation of liquids from the gas stream, MEG treatment and storage, flare gas recovery unit (“**FGRU**”), machinery and equipment, security facilities, helideck, living quarters and facilities for a variety of technical and logistical needs; and (2) liquids supply module (“**LSM**”), which primarily stores condensate and MEG. The Leviathan Platform has a production capacity of approximately 1.2 BCF gas per day and up to 5,400 barrels of condensate per day.

- *The Transmission System.* The Transmission System from the Leviathan Platform consists of a 32-inch natural gas pipeline and a 6-inch condensate pipeline. These two pipelines cross the shoreline through a dedicated 52-inch diameter sleeve/conduit pipe at an approximate depth of 10 meters at the beach crossing. The aforementioned subterranean pipelines reach the Coastal Valve Station (“**CVS**”), and from there the Dor Valve Station (“**DVS**”), the latter being located adjacent to INGL’s valve station. From the DVS, dedicated pipelines deliver condensate through the connection to the EAPC pipeline and from there to ORL, whereas gas is piped at DVS to the INGL grid.
- *The Hagit Site.* The Hagit site has all facilities necessary for condensate storage and offloading, including: pipeline, equipment, pumps, control and operation systems, tanker refill facility, auxiliary facilities and services as needed for safe operation without harm to the environment. If the delivery of condensate to ORL is not possible, the condensate will be transmitted by a dedicated pipeline and stored in the Hagit site, and if needed will be transferred via containers to customers or, when possible, via the EAPC pipeline to ORL.

As at the Latest Practicable Date, the overall production capacity of the Leviathan Project is approximately 1,200 MMCF per day. Various options are currently being examined to de-bottleneck the production system in order to increase Leviathan’s production capacity.

(iii) Phase 1B

Phase 1B is expected to have additional nameplate capacity of approximately 9 BCM per year, which shall include: (i) the drilling of two to three additional initial subsea production wells; (ii) the construction and installation of related subsea systems; and (iii) the expansion of the Leviathan Platform’s processing facilities to a total processing capacity of approximately 21 BCM per year (2.1 BCF/D).

In addition to the above, in order to enable sustained production in the planned Phase 1B quantities and rates, additional production wells are expected to be drilled throughout the life of the field.

As at the Latest Practicable Date, a final investment decision for the development of Phase 1B has not yet been approved. Various alternatives are currently being examined to increase Leviathan’s production capacity to approximately 21 BCM per year (2.1 BCF/D).

As at the Latest Practicable Date, the aggregate future investments for which all of the Leviathan Partners have already made firm commitments in relation to Phase 1B amount to approximately US\$4.5 million⁵⁹. These commitments relate to partially utilised signed budgets and there is no certainty that they will be fully utilised. As at the Latest Practicable Date, NewMed Group’s expected share of capital expenditures in relation to upstream aspects of Phase 1B for 2023 based on preliminary budget estimates provided by the operator is approximately US\$22.5-25 million. For the reserve level, no major investments are expected for 2023 and onwards besides abandonment costs in the final years of the Leviathan Project. When considering the contingent resources in addition to reserves, additional costs are accounted, primarily for new producing wells and a third gathering line to extend the production plateau.

⁵⁹ This amount reflects initial cost concept select engineering studies for FY 2022 and does not include Leviathan 8 well completion. The costs and operations do not include firm commitments of the Leviathan Partners in connection with an additional expansion of the gas flow capacity to Egypt through the construction of the Combined Section and the EMG pipeline and FAJR in the amount of approximately US\$10.6 million as at the Latest Practicable Date.

(iv) *Phase 1B Facilities*

The facilities planned for Phase 1B, if and when approved, would include, *inter alia*:

- Two to three additional initial production wells, each capable of producing up to 400 MMCF per day, to be connected via infield flow lines to the existing subsea production system.
- Another subsea pipeline, with a diameter of 20 inches and approximately 120 kilometres long to transmit gas from the subsea manifold to the Leviathan Platform.
- A Regional Export Module to be added to the Leviathan Platform with additional processing facilities similar to those existing in Phase 1A plus compressors, with daily processing capacity of approximately 900 MMCF/D which are designated primarily for regional export, such that together with the existing facilities, the total daily production capacity of the Leviathan Platform would be approximately 2,100 MMCF/D.

The Oil Potential — Leviathan Deep

Prospective oil targets have been identified below the Leviathan Field. In 2011 and 2012, the gas reservoir discovery well (Leviathan-1) was deepened to explore for oil targets and reached a depth of approximately 6,500 meters below sea level (the deepest well ever drilled in the Levant Basin at the time). Due to operational limitations, the well did not reach the target depths. However, significant geological and engineering information was collected during the drilling.

During 2019, interpretation of newly reprocessed seismic surveys was conducted, resulting in the definition of a new “isolated carbonate build-up” deep target in the area of the Leviathan Leases. Additionally, the analysis of the newly reprocessed seismic surveys indicated that two deep prospects, that were defined on vintage seismic data, should be reclassified and redefined as a single “submarine clastic channel” prospect. Following the completion of the reprocessing and based on its findings, an updated prospective resources report was prepared with respect to the new targets in the Leviathan Leases.

As at 30 September 2022, the Resources Consultant’s best estimate was that the isolated carbonate build-up contains prospective resources of approximately 155.3 MMbbl of oil and 161.0 BCF of natural gas with a geological chance of success of 18 per cent., and that the submarine clastic channel prospect contains prospective resources of approximately 223.9 MMbbl of oil and 229.2 BCF of natural gas with a geological chance of success of 19 per cent. (*Source: Leviathan Deep Resources Consultant’s Report*)⁶².

5.3 Description of Principal Leviathan Project Documents

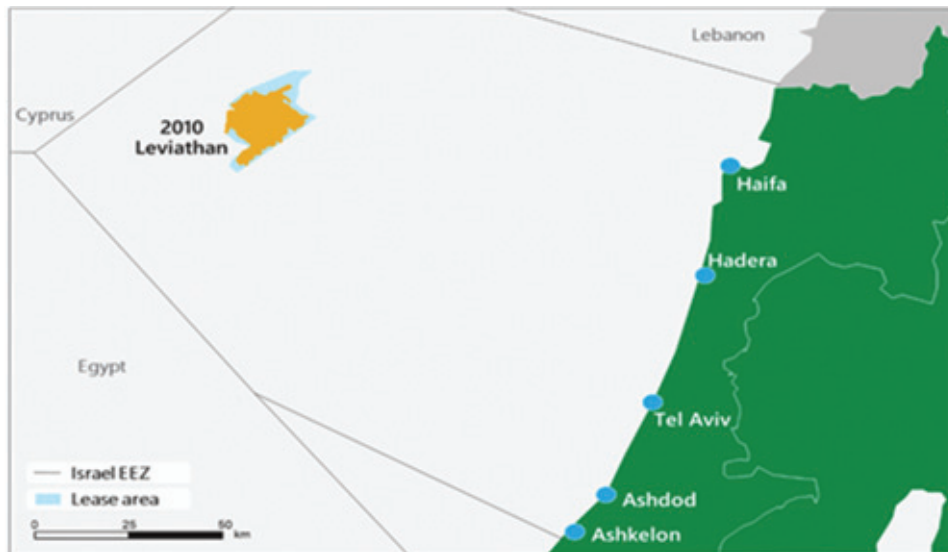
(A) The Leviathan Leases

(i) *Overview*

The owners of the interest in the Leviathan Leases are the Leviathan Partners, as registered in the Petroleum Registry (the “**Leviathan Leaseholders**”). The Leviathan Partners own these rights in proportion to their respective Participating Interests in the Leviathan JOA. The Leviathan Leases cover the Leviathan Field and surrounding areas of approximately 500 km² in the general area marked on the map as illustrated below (the “**Leviathan Lease Area**”).

⁶² Because of the geological risk associated with each prospect, meaningful totals beyond this level can be defined only by summing risked prospective resources.

The Leviathan Field



The Leviathan Leases confer upon the Leviathan Partners the exclusive right to explore and produce the petroleum and natural gas produced from the Leviathan Lease Area. The facilities for the production and transmission of gas and condensates are to be operated by Chevron as the Leviathan Operator under the Leviathan JOA, which manages the technical operations according to the Leviathan Leases and the Petroleum Law on behalf of the Leviathan Leaseholders. The replacement of the Leviathan Operator by the Leviathan Leaseholders is subject to the approval of the Petroleum Commissioner.

(ii) Lease Scope

The Leviathan Leaseholders hold the exclusive right to explore and produce petroleum and natural gas in the Leviathan Lease Area only, throughout the Leviathan Lease Term (as defined below), subject to the provisions of the Leviathan Leases and any applicable law.

(iii) Lease Term

The term of the Leviathan Leases (the “**Leviathan Lease Term**”) is 30 years, from 14 February 2014 until 13 February 2044, and may be extended for an additional 20-year period in accordance with the provisions of the Petroleum Law. The Leviathan Leases terminate at the expiration of the Leviathan Lease Term or upon termination or revocation of the Leviathan Leases under the provisions of the Petroleum Law or the provisions of the Leviathan Leases. The Petroleum Commissioner may revoke the Leviathan Leases under the following circumstances:

- as provided pursuant to the Petroleum Law;
- if the Leviathan Leaseholders materially deviate from any material provision of the terms of the Leviathan Leases or the Petroleum Commissioner’s directives under the Leviathan Leases; or
- if any guarantee provided by the Leviathan Leaseholders is called for payment, and the Leviathan Leaseholders fail to provide the amount as required by the Leviathan Leases.

(iv) Sales to Consumers in Israel

The Leviathan Leaseholders shall not unreasonably refuse to supply petroleum to consumers in Israel.

The exportation of gas from the Leviathan Leases will require written approval from the Petroleum Commissioner with the approval of the Energy Minister (the “**Export Permit**”). The Export Permit will

be granted in accordance with Resolution 442 on the export of natural gas, as amended (the “**Export Resolution**”) and any applicable law. An actual export shall not be permitted unless, following the execution of the Leviathan Development Plan, a quantity of 540 BCM is made available to the domestic market in accordance with the provisions of the Export Resolution. Similarly, no export shall be permitted in a manner prejudicing the ability of the Leviathan Leaseholders to supply and/or to flow from the Leviathan Field to the National Transmission System, at a quantity of at least 1.05 MMCM of gas per hour.

Notwithstanding the foregoing, the Petroleum Commissioner may consider, if it deems appropriate, to reduce the quantity that the Leviathan Leaseholders are required to supply from the Leviathan Field to the National Transmission System as aforementioned, if the Petroleum Commissioner is of the opinion that there is, *inter alia*, another leaseholder that will receive a lease after 27 March 2014, that will flow or is expected to flow gas to the National Transmission System, within a reasonable timetable.

The Petroleum Commissioner may request the Leviathan Leaseholders to deliver a copy of any sale contract of petroleum and gas produced from the Leviathan Field. In the event that the purchaser is an affiliate of any of the Leviathan Partners, or having non-arm's length relationships with such entity, as such terms are defined in the Petroleum Profit Taxation Law, 5771-2011, and any proposal to amend same, the Leviathan Leaseholders will include in the contract entered with such purchaser a provision requiring the affiliate or the non-arm's length entity, to deliver to the Petroleum Commissioner, upon its request, any petroleum and gas sale contract under which the affiliate or the non-arm's length entity sells the petroleum and gas purchased from it to third parties.

In the event of a shortage of natural gas in Israel, the Leviathan Leaseholders will give priority to the domestic market in relation to its supply capacity, which is not subject to a sale obligation according to a valid contract they had at the time. The quantity supplied as aforesaid to the domestic market will be deemed as part of the quantity designated to the domestic market pursuant to the Export Resolution and will not derogate from the quantity permitted by the Export Permit to the extent granted.

(v) Construction of Facilities and Adjustment of Capacity to the Needs of the Local Economy

The production system and transmission system to the shore were designed and constructed to enable the supply and flow of gas to the National Transmission System in a quantity of at least 1.4 MMCM per hour (approximately 12 BCM per year) from the Leviathan Lease Area. The Leviathan Leaseholders may, subject to obtaining a written approval from the Petroleum Commissioner and the Director General of the Natural Gas Authority (the “**NGA Director**”), as applicable, increase the capacity of the production system and the transmission system, and add facilities and wells, that will allow flowing of gas quantities exceeding those stated above to the National Transmission System in a safe, reliable and efficient manner.

The Petroleum Commissioner may demand that the Leviathan Leaseholders, if he deems it necessary due to special circumstances, add facilities, wells or another entry point to the production system and transmission system in a manner that allows a safe, reliable, and efficient flow of additional quantities of gas to consumers in Israel that exceed those aforementioned. Such a demand will be made only under special circumstances whilst weighing and balancing all relevant considerations, including considerations of financial expediency. If the Petroleum Commissioner finds that such addition is not financially expedient to the Leviathan Leaseholders, then such a demand will only be made upon finding an appropriate solution. If the Petroleum Commissioner makes such a demand, the Leviathan Leaseholders will prepare an addendum to the development plan and submit the addendum for the Petroleum Commissioner's approval within the period determined by the Petroleum Commissioner at its request.

(vi) Independent Verification Body

The Leviathan Leaseholders are required to carry out the planning, production of components, construction and operation of the petroleum production system under the verification of a qualified independent verification body.

The Leviathan Leaseholders will carry out commercial production in accordance with the instructions of the competent authorities and any applicable law, and any licence, permit, approval or other document

required for this purpose under any applicable law. The Leviathan Leaseholders are required to obtain the prior operating permit of the Petroleum Commissioner to commence commercial production and commence natural gas flow into the transmission system to the supplier. At least 30 days prior to the end of each calendar year, the Leviathan Leaseholders will submit a detailed annual work plan to the Petroleum Commissioner for its approval. This work plan shall describe the production and compliance with the provisions of the Leviathan Leases, cost projections and the forecasted rate of production during the upcoming year.

(vii) Decommissioning Plan

No later than the date on which the remaining reserves (2P) in the Leviathan Field are less than 125 BCM, according to the latest updated reserve report, the Leviathan Leaseholders will submit a detailed plan for the decommissioning of the facilities.

Upon the Petroleum Commissioner's approval of the decommissioning plan, it will determine a plan for the Leviathan Leaseholders, according to which the Leviathan Leaseholders will provide collateral or a deposit into an "abandonment fund". The dates, form and accumulation method will be determined by the Petroleum Commissioner to secure appropriate means for the Leviathan Leaseholders to execute the decommissioning plan.

(viii) Guarantees

The Leviathan Leaseholders will provide an autonomous, unconditional and irrevocable bank guarantee in favour of the State of Israel in the amount of US\$50 million for each of the Leviathan Leases (totalling US\$100 million, of which NewMed's share is approximately US\$45.3 million) (the "**Guarantee**"). The Guarantee is to ensure compliance with the provisions of the Leviathan Leases and any approval provided by the Petroleum Commissioner according to the Leviathan Leases ("**Letters of Approval**"), by guaranteeing the payments from the Leviathan Leaseholders to the State of Israel according to any law and as a condition for the grant of the Leviathan Leases. As at the Latest Practicable Date, NewMed Group has contributed approximately US\$45.3 million to the State of Israel in connection with the Guarantee. The Petroleum Commissioner may forfeit the Guarantee, in full or part, in certain circumstances.

The Guarantee will be valid throughout the Leviathan Lease Term and will continue to remain valid following the expiration of the Leviathan Leases so long as the Petroleum Commissioner has not given notice that there is no need thereof, and subject to the provisions of the Petroleum Law.

(ix) Forfeiture of the Guarantees

The Petroleum Commissioner may forfeit the Guarantee, in full or part, if (i) the Leviathan Leaseholders do not remedy any safety or environmental incident occurred as a result of their operations according to the instructions from the Petroleum Commissioner, are not compliant with the conditions agreed to in the Letters of Approval, violate any terms set by the Petroleum Commissioner, do not comply with the terms of the Leviathan Leases, violate instructions from the Israeli Defense Force representative on any security matter, or (ii) if the State of Israel incurs expenses or damages as a result of the cancellation of the Leviathan Lease or if a claim or demand was filed against the State of Israel for payment of compensation for damage caused as a result of the breach of any of the terms and conditions of the Leviathan Leases or the Letters of Approval or due to the cancellation of the Leviathan Leases, or for any expenses the State of Israel incurs as a result of such claim or demand.

(x) Liability

Instructions issued pursuant to any law, including the instructions, permits, licences and approvals, the provisions of the Leviathan Leases, and the provisions of any law or other legislation, shall not impose upon the State of Israel or its authorities, or employees, any responsibility or liability whatsoever towards the Leviathan Leaseholders and their employees.

(xi) Indemnification

The Leviathan Leaseholders shall indemnify the State of Israel for any damage and related legal and other expenses that may be charged by a third party as a result of a negligent act or omission, or contrary to the provisions of the Leviathan Leases.

(xii) Insurance

The Leviathan Leaseholders are obligated to obtain and maintain, at their own expense, customary insurance throughout the Leviathan Lease Term. The insurance policies shall be made in the acceptable scope and under terms appropriate for the scope of operations of the Leviathan Leaseholders and the exposure involved in such operations and they must also comply with the requirements of relevant Israeli regulation.

(xiii) Restrictions on Transfers, Pledges and Assignments

In accordance with Provision 76 of the Petroleum Law, each of the Leviathan Leases is personal, and neither it nor any of the benefits that it confers may be pledged, assigned or transferred in any way without the approval of the Petroleum Commissioner, upon consultation with the Petroleum Council. Please refer to Section A, paragraph 1 of Part XVII (*The Combined Group's Regulatory Environment*) of this document.

(xiv) Additional Guarantees

NewMed provided a corporate guarantee in favour of the Israeli Tax Authority (Customs) regarding equipment imported by the Leviathan Operator in a sum of approximately ILS 67.6 million.

(xv) The Leviathan Transmission Licence

In February 2017, the Minister of Energy granted Leviathan Transportation System Ltd. (a company owned by the Leviathan Partners) a licence for the construction and operation of a transmission system to be used for the transfer of natural gas of the Leviathan Partners originating in the areas of the Leviathan Leases, or of other natural gas suppliers, upon the fulfilment of certain conditions, all subject to the conditions of the licence.

(xvi) The Platform Operating Permit for the Natural Gas and Oil Production System

The Platform Operating Permit was granted to the Leviathan Leaseholders on 19 December 2019, allowing them to operate the natural gas production system to produce gas from the Lease Area.

(xvii) The Leviathan JOA

The "**Leviathan JOA**" means the agreement dated 31 August 2008 (as amended on 1 January 2012 and on 30 June 2016) originally among NewMed, Noble (now Chevron, following acquisition of its parent company, Noble Energy Inc. by Chevron Corporation), Ratio and Avner Oil (which merged with NewMed Group in 2017) which governs the contractual relationship among the Leviathan Partners in respect of the joint operations carried out in relation to the Leviathan Field. The following is a summary of certain key terms of the Leviathan JOA.

As at the Latest Practicable Date, the Leviathan Partners comprise NewMed, Ratio and Chevron. The purpose of the Leviathan JOA is to establish the respective rights and obligations of the parties thereto with regard to the operations under the Leviathan Leases, including the exploration, appraisal, development and production of hydrocarbon reserves from the Leviathan Lease Area.

The Leviathan JOA will continue in effect until the latest of: (a) termination of the last Leviathan Lease; (b) disposal of all Joint Property (as defined below); (c) satisfaction of all decommissioning obligations; and (d) final accounting and settlement between the parties in accordance with their respective rights and obligations under the Leviathan JOA and the Leviathan Leases.

The interests in the Leviathan JOA and under the Leviathan Leases, all property acquired or held for use in connection with the Joint Operations (as defined below) (collectively, the "**Joint Property**") and

all costs and obligations incurred in the conduct of the Joint Operations will be owned and borne by the parties to the Leviathan JOA in accordance with their respective Participating Interests (as defined below). “**Joint Operations**” means all operations approved or deemed to be approved and conducted in accordance with the Leviathan JOA, by or on behalf of all parties thereto.

Pursuant to the Leviathan JOA, the undivided interest of each Leviathan Partner in the rights and obligations derived from their interest in the Leviathan JOA and the contracts thereunder (the “**Participating Interests**”) are as follows: Chevron (39.66 per cent.), Avner Oil (22.67 per cent.), NewMed Group (22.67 per cent.) and Ratio (15.00 per cent.). Following the merger between Avner Oil and NewMed Group, NewMed Group holds a Participating Interest of 45.34 per cent.

Unless otherwise provided in the Leviathan JOA, the obligations of the parties thereto under the Leviathan Leases and all liabilities and expenses incurred by the Leviathan Operator in connection with Joint Operations will be charged to a joint account (the “**Joint Account**”), and all credits to the Joint Account will be shared by the parties thereto, as among themselves, in accordance with their respective Participating Interests. Each party to the Leviathan JOA must pay when due, in accordance with certain agreed accounting procedures, its Participating Interest share of joint account expenses, including cash advances and interest, accrued pursuant to the Leviathan JOA.

5.4 The Leviathan Operator

Chevron is designated as the Leviathan Operator. The Leviathan Operator shall conduct the Joint Operations by itself or through its agents or its contractors under the overall supervision and control of the committee established under the Leviathan JOA (the “**Leviathan Joint Operating Committee**”), which shall exercise overall supervision and control of all matters pertaining to the operations under the Leviathan JOA.

The duties of the Leviathan Operator include, among others, the preparation of programmes, budgets and authorisations for expenditure (“**AFEs**”) and their implementation after the approval of the Leviathan Joint Operating Committee, the reporting to the parties on all matters relating to the Joint Operations, and the provision of technical and advisory services as required for the performance of the Joint Operations. The Leviathan Operator shall provide the non-operators with all the data and reports as they are currently produced or compiled with the Joint Operations.

The Leviathan Operator and its affiliates, and their respective directors, officers, and employees (collectively, the “**Indemnitees**”) shall not be liable to the other parties for any claim, liability, loss or damage arising from or in connection with the Joint Operations or any loss or damage which arise out of, are incidental to or result from the Joint Operations, even though caused in whole or in part by a pre-existing defect, or the negligence (whether sole, joint or concurrent), gross negligence/wilful misconduct, strict liability or other legal fault of the Leviathan Operator (or any such Indemnitee).

If any senior supervisory personnel of the Leviathan Operator or its affiliates engage in gross negligence or wilful misconduct, then in addition to its Participating Interest share, the Leviathan Operator shall bear all such damages, losses, costs, expenses and liabilities up to US\$5 million. However, under no circumstances shall any Indemnitee (except as a Party to the extent of its Participating Interest share) bear any consequential loss or environmental loss.

The Leviathan Operator may resign as operator at any time by so notifying the other parties at least 120 days prior to the effective date of its resignation or a shorter period, as the Leviathan Joint Operating Committee may agree. The Leviathan Operator may be removed by the decision of the non-operators if the Leviathan Operator has committed a material breach of the Leviathan JOA and has either failed to commence to cure that breach within 30 days after receipt of a notice from non-operators detailing the alleged breach or failed to diligently pursue the cure to completion.

Any decision of the non-operators to give notice of breach to the Leviathan Operator or to remove the Leviathan Operator shall be made by an affirmative vote of one or more of the total number of non-operators (not being affiliates of the Leviathan Operator) representing Participating Interests of more than 65 per cent. of the total of such non-operator parties’ Participating Interests. The Leviathan

Joint Operating Committee shall meet as soon as possible to appoint a successor Operator by the affirmative vote of two or more parties which are not affiliates then having collectively at least 60 per cent. of the Participating Interests. No party may be appointed successor Leviathan Operator against its will. If the Leviathan Operator is removed, neither the Leviathan Operator nor any affiliate of the Leviathan Operator shall have the right to vote for itself on the appointment of a successor Leviathan Operator, nor to be considered as a candidate for the successor Leviathan Operator.

5.5 Leviathan Joint Operating Committee

(A) Overview

The Leviathan Joint Operating Committee is established to provide overall supervision and control on all matters pertaining to the Joint Operations. Each party to the Leviathan JOA appoints one representative and one alternate representative to serve on the Leviathan Joint Operating Committee. Each such representative has a vote equal to the Participating Interest of the party such person represents. The chairman of the Leviathan Joint Operating Committee is a representative of the Leviathan Operator. The powers and duties of the Leviathan Joint Operating Committee include, among others: (i) the consideration and determination of all matters relating to general policies; (ii) procedures and methods of operation; (iii) approval of any public announcement or statement regarding the Leviathan JOA or the Joint Operations; (iv) approval of all proposed programmes, budgets and AFEs; (v) decisions regarding the timing, location and depth of all wells; (vi) decisions relating to licences and leases (including applications, extensions, renewals or surrenders); (vii) the election of a successor Leviathan Operator; and (viii) approval of certain contracts.

(B) Determining Vote

Except as otherwise expressly provided in the Leviathan JOA, all decisions, approvals and other actions of the Leviathan Joint Operating Committee on all proposals coming before it are decided by the affirmative vote of two or more parties which are not affiliates then having collectively at least 60 per cent. of the Participating Interests.

The affirmative vote of all parties is required to terminate a licence or lease or surrender any part of the Leviathan Lease Area. Each party has the right to enter into or extend the term of the Leviathan Leases, regardless of the level of support in the Leviathan Joint Operating Committee. If any party takes such action, any party not wishing to extend has the right to withdraw from the Leviathan Leases and the Leviathan JOA in accordance with the terms of the Leviathan JOA.

All approved Joint Operations are valid and binding on all Leviathan Partners, and can only be discontinued with the consent of the Leviathan Joint Operating Committee or if, in the reasonable judgement of the Leviathan Operator, impractical or unwarranted to continue.

(C) Programmes and Budgets

On or before 1 October of each calendar year, the Leviathan Operator must deliver proposal programmes and budgets as described in Clause 6 of the Leviathan JOA (jointly referred to in this section as a “**Program**”) to the Leviathan Partners in relation to the Leviathan Field exploration, appraisal, development or production and the projected schedule for the following year. Each such Programme will be subject to the consideration, revision and approval of the Leviathan Joint Operating Committee by a determining vote, and any work programme and budget agreed must include at least part of the amount of work/expenditure necessary to be performed during the relevant calendar year under the terms of the relevant contract (“**Minimum Work Obligations**”).

If a discovery is made, the Leviathan Operator must deliver any notice required under the Contract, submit to the Leviathan Partners a report containing the available details of the discovery and the Leviathan Operator’s recommendations as to whether the discovery merits appraisal, as soon as possible, and, if the Leviathan Joint Operating Committee agrees with such recommendation, deliver to the Leviathan Partners a proposed work programme and budget for such appraisal.

The Leviathan JOA permits the Leviathan Partners to submit a competing annual work programme and budget to that prepared by the Leviathan Operator for consideration by the Leviathan Joint Operating Committee. If no work programme and budget is approved by the Leviathan Joint Operating Committee by a determining vote, then whichever work programme and budget proposal receives the largest affirmative vote of Participating Interests will be deemed approved to the extent it satisfies the minimum obligations under the Leviathan Leases.

(D) “Sole Risk” Operations

Under the Leviathan JOA, Leviathan Partners are prohibited from participating in operations in which not all of the Leviathan Partners take part (defined in the agreement as “**Exclusive Operations**” and known in the oil exploration industry as “**Sole Risk**” operations) if such “Sole Risk” operations conflict with the Joint Operations.

To the extent not prohibited by the Leviathan JOA, Leviathan Partners may conduct “Sole Risk” operations in accordance with the Leviathan JOA.

The Leviathan JOA provides that each non-participating Leviathan Partner with respect to such “Sole Risk” operations will be deemed to relinquish its participating interest in any discovery made pursuant to said “Sole Risk” operation, subject to the non-participating Leviathan Partner’s option to reacquire its Participating Interest in any such discovery subject to agreeing to (A) bear its Participating Interest share of the expense and liability of such work programmes, (B) pay a lump sum premium equal to its Participating Interest share of all liabilities and expenses that were incurred in any “Sole Risk” operation relating to the discovery, and (C) reimburse the participating Leviathan Partners an amount equal to the total of (i) 500 per cent. of such non-participating Leviathan Partner’s Participating Interest share of all liabilities and expenses incurred in any “Sole Risk” operation relating to the relevant discovery, (ii) 1200 per cent. of the non-participating Leviathan Partner’s Participating Interest share of all liabilities and expenses incurred in any “Sole Risk” operation relating to work which made the relevant discovery and (iii) 800 per cent. of the non-participating Leviathan Partner’s Participating Interest share of all liabilities and expenses incurred in any “Sole Risk” operation relating to work which delineated the relevant discovery.

The Leviathan JOA includes various instructions relating to “Sole Risk” operations, i.e. the performance of drilling, tests and development not unanimously agreed upon by all the Leviathan Partners), which under certain conditions specified in the Leviathan JOA can be performed by some of the Leviathan Partners.

Under the Leviathan JOA, each Leviathan Partner owns, in proportion to its Participating Interest, its share of the Leviathan Field’s output absolutely and may independently market and contract with third parties for the sale of any such output. A decision to plug and abandon any well that has been drilled as a Joint Operation (or “Sole Risk” operation) requires the approval of the Leviathan Joint Operating Committee (or the participating Leviathan Partners, as appropriate).

(E) Abandonment and Security

Where required by relevant laws/regulations to pay or contribute to the cost of ceasing operations, the Leviathan Partners must negotiate a security agreement when preparing a development plan, to be executed by all participating Leviathan Partners, taking into considerations (i) the remaining portion of each Leviathan Partner’s anticipated cost (before tax) of any such ceasing after deducting salvage value, discounted as appropriate (the “**Discounted Net Cost**”), and (ii) the remaining value (after tax, royalties, imposts and levies) of each Leviathan Partner’s estimated share of the Leviathan Field’s output after paying the estimated liabilities and expenses required to win, save and transport such production to the delivery point, discounted as appropriate (the “**Discounted Net Value**”).

Any such security agreement must incorporate the following principles: that (i) security is to be provided by each such Leviathan Partner for each calendar year commencing with the calendar year in which the Discounted Net Value equals or is less than 300 per cent. of the Discounted Net Cost and (ii) the amount of the security required to be provided by each such Leviathan Partner in any calendar year shall be equal to the amount by which 300 per cent. of the Discounted Net Cost exceeds the Discounted Net Value, up to a maximum of 200 per cent. of the Discounted Net Cost.

(F) Withdrawal

Any Leviathan Partner not in default may at its option withdraw from the Leviathan JOA and the contracts thereunder by giving notice to all other Leviathan Partners. Within 30 days after receipt of this notice, each of the other Leviathan Partners may also give its own notice of withdrawal. Any such withdrawal may be complete or partial with respect to the exploration areas covered under the Contract.

A withdrawing Leviathan Partner is entitled to receive its share of the Leviathan Field's output produced through the effective date of its withdrawal, which is the end of the calendar month following the calendar month in which the withdrawal notice is given. A withdrawing Leviathan Partner will, following its withdrawal notice, remain liable only for its Participating Interest share to (i) the costs of Joint Operations and "Sole Risk" operations in which it has agreed to participate and were approved by the Leviathan Joint Operating Committee or consenting Leviathan Partners, as appropriate, as part of a work programme and budget, (ii) any Minimum Work Obligations for the current period of the relevant contract and any subsequent period which has been approved, (iii) expenditures relating to an emergency occurring prior to the effective date of the withdrawing Leviathan Partner's withdrawal, and (iv) all other obligations and liabilities with respect to acts or omissions under the Leviathan JOA prior to the effective withdrawal date.

(G) Default and Forfeiture

Any party that fails to pay its Participating Interest share of the joint account expenses will be in default. The amount in default will bear interest compounded on a monthly basis calculated at the annual rate equal to the one-month LIBOR, plus 2 per cent., applicable on the first business day prior to the due date of payment and thereafter on the first business day of each succeeding calendar month. If the aforesaid rate is contrary to any applicable usury law, the rate of interest to be charged shall be the maximum rate permitted by such applicable law.

If any default continues for more than five business days from the date of default notice and for so long as the default continues, the defaulting party is not entitled to participate and vote in the Leviathan Joint Operating Committee meetings and does not have the right to receive the share of the production that it would otherwise be entitled to, which becomes the property of the non-defaulting parties.

If such default continues for more than five business days after the date of the default notice, each of the non-defaulting parties shall pay the amount specified in a supplemental cash call or supplemental invoice and thereafter shall continue to pay, in the same proportion, that part of all such subsequent cash calls or invoices attributable to the defaulting party until such time as the defaulting party has remedied its default and failure by any party to make such payments shall likewise be a default under the provision of the Leviathan JOA.

If a defaulting party fails to remedy its default within 90 days following the default notice, then, each non-defaulting party may force the defaulting party to transfer its Participating Interest under the Leviathan JOA and the Leviathan Leases to the non-defaulting parties, and the non-defaulting parties may acquire the defaulting party's interests without any further compensation being paid to the defaulting party.

(H) Transfer of Interests or Rights

There is no restriction on transfers between the parties to the Leviathan JOA and their affiliates, insofar as the transferring party agrees to remain liable for its affiliates' performance. Transfers to any third parties are subject to the written consent of the other parties, which consent shall be denied only if the transferee fails to establish to the reasonable satisfaction of each party its financial capability to perform its payment obligations under the Leviathan Leases and the Leviathan JOA and its technical capability to contribute to the planning and conduct of the Joint Operations, and provided the transferring party is not in default. Any party which shall not object in writing within 21 days of receipt of notice from the transferring party as to the identity of the transferee and details of its financial capability shall be deemed to consent to the transfer. No transfer shall be made by any party which results in the transferor or the transferee holding interests in the Leviathan Leases of less than 10 per cent. or any interest other than a Participating Interest in the Leviathan JOA.

No such transfer shall be effective or binding upon the parties until the date upon which the transferee furnishes all parties with: (i) any necessary consent or approval of the State of Israel; (ii) a written instrument, in form and content satisfactory to the parties, accepting and assuming all of the obligations under the Leviathan JOA and terms of the lease insofar as the interest assigned is concerned; and (iii) written documentation as may reasonably be required to ensure compliance by all the parties with their rights and obligations under the Leviathan Leases.

Where a Leviathan Partner transfers its Participating Interests in a manner not in compliance with the provisions of the Leviathan JOA, each other Leviathan Partner may enforce specific performance of the terms of the Leviathan JOA, in addition to any other available remedies (including damages).

A party so transferring all or part of its interest shall remain liable to the other parties for all obligations attaching to the interest assigned pursuant to the Leviathan JOA and terms of the Leviathan Leases are incurred prior to the effective date of such transfer and such obligations shall in addition become the obligations of the transferee.

The above does not prevent a party from mortgaging, pledging or otherwise encumbering all or part of its interest for the purpose of security relating to finance, provided that such party shall remain liable for all obligations relating to such interest, and the encumbrance shall be subject to any necessary approval of the Petroleum Commissioner and be subject to and expressly subordinated to the rights of the other parties under the Leviathan JOA.

Any transfer of all or a portion of a party's Participating Interest (other than to an affiliate) shall be subject to a right of first refusal of the other parties, according to which a party shall be entitled to acquire the Participating Interest subject to the proposed transfer under the same terms negotiated with the proposed transferee, if, within 30 days of the transferor's notice, such party delivers to all other parties a counter-notification that it accepts such terms and conditions.

(I) Change in Control

In any case of a change in control of a party (through a transaction in which the market value of the party's Participating Interest represents more than fifty per cent. (50 per cent.) of the aggregate market value of the assets of such party and its affiliates that are subject to the change in control), other than one which results in ongoing control by an affiliate, the party undergoing the change in control is required to deliver a notice of the change of control to the other parties and each other party shall have the right to acquire such party's Participating Interest if, within 30 days of such party's notice, such party delivers to all other parties a counter-notification that it accepts, without reservations or conditions, to acquire the Participating Interest for the market value of the Participating Interest (based upon the amount in cash a willing buyer would pay a willing seller in an arm's length transaction), on the final terms and conditions negotiated with the proposed acquiror that are relevant to the acquisition of a Participating Interest for cash.

Additionally, the party undergoing change of control must also obtain the necessary government approval with respect to the change in control and provide evidence, to the reasonable satisfaction of the other Leviathan Partners, that following the change in control, it remains financially capable of satisfying its payment obligations under the Leviathan JOA and the contracts thereunder, or the other Leviathan Partners may require such Leviathan Partner to provide satisfactory security with respect to its Participating Interest share of any obligations or liabilities that may reasonably be expected to be incurred in the relevant phase of the relevant contract.

If more than one party counter-notifies that it intends to acquire the Participating Interest subject to the proposed change in control, then each such party shall acquire a proportion of that Participating Interest equal to the ratio of its own Participating Interest to the total Participating Interests of all the counter-notifying parties, unless the counter-notifying parties otherwise agree.

(J) Rights and Obligation for Production

Under the Leviathan JOA, each Leviathan Partner owns, in proportion to its Participating Interest, its share of the Leviathan Field's production absolutely and may independently market and contract with third parties for the sale of any such production.

(K) Applicable Law and Dispute Resolution

The Leviathan JOA is governed by the laws of England and Wales. Any dispute must be finally settled by arbitration under the Rules of the London Court of International Arbitration ("LCIA").

(L) Other matters

The Leviathan JOA is subject to customary force majeure provisions, in which event the affected Leviathan Partner may suspend the continuance of any liability that is caused (other than the obligation to pay any amounts due to furnish security) during the period of such force majeure, after having notified the other Leviathan Partners within a reasonable time.

5.6 Offtake Agreements

As at the Latest Practicable Date, the Leviathan Partners are party to approximately 10 domestic Leviathan Offtake Agreements for the sale of natural gas from the Leviathan Field to customers in Israel (not including short-term and spot agreements). The Israeli offtakers include IPPs and industrial companies. The domestic Leviathan Offtake Agreements have an aggregate total contract quantity ("TCQ") of approximately 23.6 BCM, as detailed in the table below.

In addition, the Leviathan Partners have signed two export Leviathan Offtake Agreements for the sale of natural gas to offtakers in Jordan (the "**NEPCO Export Agreement**") and Egypt (the "**BOE Export Agreement**") with aggregate TCQ of approximately 105 BCM. See paragraph 5.8 of Part VI (*Information on the NewMed Group*) below.

The following table sets out a summary of the Leviathan Offtake Agreements agreed by the Leviathan Partners (on a 100 per cent. basis), as at 31 December 2022, grouped according to their demand base classification.

Offtake Parties	Agreement Duration in years ⁽³⁾	Max Offtake Quantity (Annual) in BCM ⁽¹⁾	Total Contract Quantity (TCQ) in BCM ⁽²⁾
IPPs	9-25 ⁽⁴⁾	1.1	19.1
Industrial customers	<1-15 ⁽⁴⁾	0.8	4.5
Total for domestic offtake agreements		1.9	23.6
NEPCO	15	3.0	44.4
BOE	15	4.7	60.1
Total		9.6	128.1

- (1) The Max Offtake Quantity represents the maximum aggregate firm annual quantity that the Leviathan Partners undertook to supply under the relevant Leviathan Offtake Agreements as at the Latest Practicable Date. As different Leviathan Offtake Agreements are effective in different years, such quantity may vary from year to year. The Leviathan Offtake Agreements include options for the provision of additional quantities on an interruptible basis (subject to available capacity).
- (2) The TCQ is the maximum firm quantity that the Leviathan Partners undertook to supply during the duration of the Leviathan Offtake Agreement. The Leviathan Offtake Agreements include options for the provision of additional quantities on an interruptible basis (subject to available capacity).
- (3) The Leviathan Partners have signed multiple contracts with various IPPs and industrial customers as a bridge to the Karish- and Tanin-related commercial gas. Such contracts are not taken into account for the purposes of calculating the agreement duration and quantities.
- (4) Represents a non-weighted arithmetic average duration.

5.7 Domestic Leviathan Offtake Agreements

For all domestic Leviathan Offtake Agreements (other than agreements for supply on an interruptible or spot basis), the offtakers undertake to take-or-pay for a minimal annual quantity of natural gas, according to a mechanism determined in the respective Leviathan Offtake Agreement. Leviathan Offtake Agreements with take-or-pay obligations also include provisions and mechanisms allowing the offtakers, after paying for gas not consumed pursuant to the take-or-pay mechanism, to receive gas, during an agreed upon period after the end of the relevant year (the “**Make-Up Period**”), for no additional payment up to the quantity that it paid for in respect of gas which it did not consume during a defined period, subject to the offtaker meeting its take-or-pay obligation during the Make-Up Period. Such domestic Leviathan Offtake Agreements further determine a mechanism for accrual of a balance in respect of surplus quantities of gas consumed by the offtakers in any given year and application thereof to reduce the offtakers’ obligation to purchase the minimum quantity under take-or-pay obligations, in a defined number of subsequent years.

The price of gas under most domestic Leviathan Offtake Agreements is set at a base price in US dollars that is adjusted based on the EA Tariff or Brent prices. Price indexation formulas in the domestic Leviathan Offtake Agreements with IPPs are mostly linked to the EA Tariff and prices under most domestic Leviathan Offtake Agreements with industrial customers are linked to a combination of the Brent Index and the EA Tariff. All of the domestic Leviathan Offtake Agreements, with the exception of one long-term agreement and several short-term agreements which have fixed prices with no indexation, include floor prices, thus providing revenue protection to the Leviathan Partners.

Under most Leviathan Offtake Agreements, the offtaker is required to provide credit cover securing payment for gas supplied but unpaid, unless meeting a minimum agreed rating.

Under certain Leviathan Offtake Agreements (signed through June 2017 for periods of eight years or more), the offtaker has an option to reduce the take-or-pay quantity to a quantity equal to 50 per cent. of the average annual quantity that it actually consumed in the three years preceding the date of the notice of exercise of the option, as further detailed in Section A, paragraph 2.5 of Part XVII (*The Combined Group’s Regulatory Environment*).

The domestic Leviathan Offtake Agreements include other customary provisions, including in respect of payment, maintenance, early termination in case of breach, force majeure, governing law and dispute resolution. Please refer to Section B, paragraph 1 of the section of this document entitled “Risk Factors”.

5.8 Export Agreements

(A) NEPCO Export Agreement

In September 2016, NBL Jordan Marketing Limited (“**JML**”) entered into an agreement with the National Electric Power Company of Jordan (“**NEPCO**”) (the “**NEPCO Export Agreement**”). JML is a wholly owned subsidiary of the Leviathan Partners, which hold it proportionately to their interest in the Leviathan Project. According to the NEPCO Export Agreement, JML undertook to supply to NEPCO natural gas for a period of approximately 15 years from the commencement of the commercial supply or until the total supply volume would be approximately 45 BCM. The NEPCO Export Agreement is backed by the Government of Jordan. Initial supply under the NEPCO Export Agreement began in January 2020 with commercial deliveries commencing at the end of March 2020.

According to the NEPCO Export Agreement, the gas delivery point is at the exit from the Israeli transmission system at the border between Israel and Jordan. NEPCO bears, on a back-to-back basis, all transportation costs paid by JML to INGL in respect of the gas flow from Leviathan Platform to the delivery point.

NEPCO undertook to take-or-pay for certain minimum annual quantities of gas. The gas price determined in the NEPCO Export Agreement is based on a price that is linked to the Brent Index and includes a base price and a hard floor price.

In February 2017, the Petroleum Commissioner authorised the Leviathan Partners to export natural gas to Jordan produced from the area of the Leviathan Leases only, and intended for use in Jordan only, by way of selling it to NEPCO, through JML, subject to the provisions stated in the Export Permit. The Export Permit is for a maximum total quantity of 45 BCM. The Export Permit is valid for a period of 15 years from the start of commercial supply of natural gas from the Leviathan Field and has an option for an extension of two years or until the TCQ under the NEPCO Export Agreement is supplied. The Export Permit is conditional on the upholding the conditions of the Export Resolution.

In November 2016, the Leviathan Partners entered into a back to back GSPA agreement with JML (the “**Back to Back GSPA**”), according to which the amounts received, liabilities, risks and costs associated with the NEPCO Export Agreement will be assigned to the Leviathan Partners under the same conditions (“back to back”), as if the Leviathan Partners were parties to the NEPCO Export Agreement instead of JML.

JML, the Leviathan Partners and HSBC Corporate Trustee Company (UK) Limited (“**HSBC Corporate Trustee**”) entered into an Offtake Intercreditor and Security Trust Deed Agreement (the “**OISTD**”) in April 2020 which secures JML’s obligations to the Leviathan Partners in accordance with the Back to Back GSPA, and according to which HSBC Corporate Trustee acts as trustee for guarantees and obligations under the NEPCO Export Agreement. Under the OISTD, a security was created in favour of HSBC Corporate Trustee, as Security Trustee on behalf of the Leviathan Partners, over JML’s rights under the NEPCO Export Agreement, the Letter of Credit provided under the NEPCO Export Agreement, the gas transportation agreement with INGL for the transmission of gas sold under the NEPCO Export Agreement to the Israeli-Jordanian border, and the account into which proceeds under the NEPCO Export Agreement are paid (the “**JML Security**”). The OISTD further sets out events of default by JML which would entitle the Security Trustee to enforce the JML Security, enforcement actions that may be undertaken, and the relevant majority of Leviathan Partners required to decide on such enforcement action.

(B) BOE Export Agreement

In February 2018 Chevron and NewMed entered into gas sale and purchase agreements with Dolphinus Holdings Limited (“**Dolphinus**”) for the sale of gas from the Leviathan and Tamar Fields, respectively, to customers in Egypt. These agreements were subsequently assigned to the Tamar and Leviathan Partners, respectively. On 25 September 2019, the Leviathan Partners entered into an amended and restated agreement with Dolphinus which replaced the February 2018 agreement. In June 2020, Dolphinus assigned the agreement to BOE (the “**BOE Export Agreement**”). The Tamar Partners entered into an amended and restated GSPA with Dolphinus for the sale of gas from the Tamar Field to Egypt in parallel to the Leviathan Partners, and such agreement was also assigned to BOE in June 2020 (the “**Tamar-BOE GSPA**”).

On 16 December 2019, the Petroleum Commissioner granted the Leviathan Partners a permit to export to Egypt gas produced from the Leviathan Lease Area and intended for use in the Egyptian domestic market and for export of LNG through the liquefaction facilities located in Egypt (the “**Egypt Export Permit**”).

The total quantity of gas the Leviathan Partners are required to supply under the BOE Export Agreement is approximately 60 BCM. The supply of gas under the BOE Export Agreement began on 15 January 2020 and will continue until 31 December 2034 or until BOE has nominated the full TCQ, whichever is earlier (the “**Termination Date**”). The BOE Export Agreement provides that if either party reasonably anticipates that BOE will not nominate the TCQ as specified, the supply period shall be extended by up to two additional years. Upon extension of the BOE Export Agreement, the term of the Egypt Export Permit shall be automatically extended. The Leviathan Partners undertook to supply to BOE daily gas quantities as follows: (i) in the period beginning on 1 January 2020 and ending on 30 June 2020: 200 MMCF; (ii) in the period beginning on 15 July 2020 and ending on 30 June 2022: 350 MMCF; and (iii) in the period beginning on 1 July 2022 and ending on the Termination Date: 450 MMCF. BOE has undertaken to take-or-pay for minimum quarterly and annual quantities of gas (the “**TOP Quantity**”) in accordance with mechanisms stipulated in the BOE Export Agreement, that *inter alia*, allow BOE to reduce the TOP Quantity to 50 per cent. of the adjusted annual contractual quantity in each year when the average Brent-linked price (as defined in the BOE Export Agreement) is below

US\$50 a barrel (except if the contractual quantity is reduced pursuant to the price review mechanism (as detailed below)). Pursuant to the Egypt Export Permit, the Leviathan Leaseholders are required to give priority to their customers in the Israeli domestic market over their export obligations to Egypt.

The price of the gas to be supplied to BOE is calculated based on a Brent-linked price formula which includes a “floor price.” The BOE Export Agreement includes a mechanism for a price review and update (if required based on certain relevant benchmarks) at a rate of up to 10 per cent. (increase or reduction) after the fifth year and after the tenth year of the BOE Export Agreement (the “**First Adjustment Date**” and the “**Second Adjustment Date**”, respectively) upon the fulfilment of certain conditions set forth in the agreement. In the event of disagreement regarding the price review and update as specified above, BOE will have the right to reduce the annual contract quantity by up to 50 per cent. on the First Adjustment Date and by up to 30 per cent. on the Second Adjustment Date. The BOE Export Agreement includes an incentive mechanism that is quantity-contingent and subject to the oil barrel price, customary provisions relating to the termination of the agreement, a termination right in the event that the Tamar BOE GSPA is terminated as a result of a breach thereof, and the Leviathan Partners do not agree to supply the quantities set forth therein, and compensation mechanisms in such a case.

As at 31 December 2022, the Leviathan Partners have supplied BOE with approximately 10.2 BCM for total consideration of approximately US\$2,150 million. The foregoing is preliminary, unaudited data and subject to receipt of final figures from the operator and finalisation as part of NewMed’s regular year end reporting processes.

On 24 February 2022, the Leviathan Partners and BOE signed an amendment to the BOE Export Agreement in relation to the designation of an additional delivery point at Aqaba, Jordan. See paragraph 5.8 (C) of Part VI (*Information on the NewMed Group*) below.

The NewMed Group has purchased country risk mitigation solutions for various foreign exposures. The average S&P rating for the entities providing these solutions is AA- to A+. These mitigation solutions cover approximately US\$600 million of the NewMed Group’s interest against discriminatory actions made by a foreign government or foreign central banks which fundamentally impacts its ability to perform. These solutions are in place for at least a further three years from 2022 and have the ability to be extended with the providers’ agreement at the request of the Combined Group. However, these solutions do not cover all of the risks related to foreign exposures to which the Combined Group is exposed.

(C) Gas Transportation Arrangements

Further to the capacity, lease and operatorship agreement between EMED and EMG (the “**CLOA**”) (as described below in “—EMG Pipeline”), BOE has entered into a Gas Transportation Agreement with EMED for the transmission of the gas purchased under the BOE Export Agreement and the Tamar-BOE GSPA via the EMG Pipeline.

In May 2019, Chevron entered into a gas transportation agreement with INGL (the “**INGL 2019 Agreement**”) for the transport of gas from the Leviathan and Tamar Fields to the EMG terminal in Ashkelon, on an interruptible basis, such gas to then be transported to Egypt via the EMG Pipeline. In January 2021, Chevron entered into a new long-term gas transportation agreement on a firm basis, which required INGL to expand the capacity in the southern part of the National Transmission System (the “**NTS Expansion**”) to allow the flow of the additional contractual quantities under the BOE Export Agreement (the “**INGL 2021 Agreement**”). Under the INGL 2021 Agreement, INGL undertook to provide transmission services for the natural gas to be supplied from the Leviathan and Tamar Fields, including maintaining a base capacity in the transmission system in the annual scope of approximately 5.5 BCM per year, and in addition to provide interruptible transmission services for additional gas quantities over and above the base capacity, subject to the availability of capacity in the transmission system. In the INGL 2021 Agreement, Chevron undertook to pay for piping of a gas quantity of no less than 44 BCM throughout the entire term of the agreement. Pursuant to the INGL 2021 Agreement, the piping commencement date is pending the completion of the NTS Expansion. In January 2023 INGL reported on certain technical delays, and consequently the completion date of the NTS Expansion is currently unclear. The INGL 2021 Agreement remains in force until the earlier of: (a) the date on which the total quantity that is piped is 44 BCM; (b) 8 years after the piping commencement date; or (c) upon

expiration of INGL's transmission licence. The transmission period pursuant to the INGL 2019 Agreement will continue until 1 January 2024 or until the piping commencement date pursuant to the INGL 2021 Agreement, whichever is earlier. The NTS Expansion, and the allocation of costs for such expansion, are the subject of the March 2020 Addendum to the National Gas Authority Council Decision Regarding the Financing of Export Projects via the National Transmission System (the "**Council's Resolution**"). In accordance with the principles determined in the Council's Resolution, Chevron undertook to pay the amount for the share of the partners in the Leviathan and Tamar projects (56.5 per cent.) out of the total cost of construction of the NTS Expansion, which is estimated at ILS 738 million. 69 per cent. of the above costs are attributed to the Leviathan Partners, and the remaining 31 per cent. to the Tamar Partners.

In accordance with the Council's Resolution, in February 2021, NewMed provided guarantees in respect of its rights in the Leviathan project, in the sum of approx. ILS 142 million (approximately US\$40.6 million), and also pledged in favour of the facility for the guarantees a deposit in the sum of approximately US\$11.4 million.

According to the INGL 2021 Agreement, in the event of discontinuation of the export of natural gas from the Tamar Project and the Leviathan Project to Egypt, Chevron shall be entitled to terminate the agreement, subject to payment of specified damages to INGL for the early termination.

Concurrently with the signing of the INGL 2021 Agreement, the Leviathan and Tamar Partners signed a back-to-back services agreement with Chevron, determining that the Leviathan Partners and the Tamar Partners shall be entitled to transport gas (through Chevron) pursuant to the agreement, and shall also be liable for the fulfillment of Chevron's undertakings under the agreement, as if the Leviathan Partners and the Tamar Partners were direct parties to the INGL 2021 Agreement in lieu of Chevron, each according to its share as set forth in the capacity allocation agreement.

On 24 February 2022, the Leviathan Partners and BOE signed an amendment to the BOE Export Agreement in which they agreed, *inter alia*, on an additional point of delivery of the gas in Aqaba, Jordan and on additional terms applicable in respect of the delivery of gas at Aqaba, as to enable transportation of the additional gas quantities which the Leviathan Partners committed to supply BOE under the BOE Export Agreement in the period beginning on 1 July 2022. An additional agreement was entered into by Chevron, EMED Midstream Limited and FAJR, the Jordanian transmission company, for the supply of interruptible transmission services in connection with the piping of natural gas from the Leviathan and Tamar Fields through the Jordanian transmission system, from the point of entry on the border between Israel and Jordan, to the point of delivery to BOE on the border between Jordan and Egypt close to Aqaba. In parallel, an agreement was signed between Chevron and INGL for the supply of interruptible transportation services of gas from the Leviathan Field to the FAJR transmission system at the Israeli-Jordanian border, whose term was extended until 1 January 2024 pursuant to an amendment dated 28 December 2022.

(D) Agreements for the Supply of Condensate

As at the Latest Practicable Date, the Leviathan Partners supply the condensate produced from Leviathan to ORL for no consideration and the Leviathan Partners bear all expenses. The NewMed Group estimates that at current oil prices the loss of revenues from the sale of condensate is immaterial in light of revenues from the Leviathan Interest. On 1 September 2022, Chevron, on behalf of all Leviathan Partners, signed a conditional agreement with Energy Infrastructures Ltd. ("EI") for the transmission of condensate from the Leviathan Project to EI, as to allow NewMed Group to sell the condensate to customers at prices which are based on the Brent Index. As at the Latest Practicable Date, the conditions precedent set in this agreement have not yet been fulfilled. In November 2022 the Leviathan Partners approved a budget of approximately US\$27 million for the implementation of the agreement with EI.

5.9 The Aphrodite Project

(A) The Aphrodite Field

The NewMed Group owns a 30 per cent. working interest in the Aphrodite Field. As at 30 September 2022, the Aphrodite Resources Consultant's Report estimated that the Aphrodite Field contains approximately 3.5 TCF of 2C contingent resources and approximately 0.9 TCF of 2U prospective resources.

The Aphrodite Field is located in Block 12 in the Cypriot EEZ, approximately 160 km south of Limassol, and 35 km northwest of the Leviathan Field, in an area where the sea depth is about 1,700 metres. The field was discovered following drilling of the A-1 discovery well in 2011. In 2013, the A-2 appraisal well was drilled and tested in the northern area of the field, confirming the size and quality of the reservoir.

In September 2022, the Aphrodite Partners approved a budget of US\$192 million for the drilling of the A-3 appraisal well and for Pre-FEED works in the Aphrodite Field and the Aphrodite Partners and the Government of Cyprus reached an agreement to amend the Aphrodite Production Sharing Contract dated 24 October 2008 (the “**Aphrodite PSC**”). It was agreed and approved, *inter alia*, to extend the binding timetable for drilling of the A-3 appraisal well, which is due to be completed by August 2023. If a decision is taken by the Aphrodite Partners to develop the Aphrodite Field, the Combined Group would be required to pay its share of joint account expenses related to its development, which would be substantial and may require obtaining financing.

(B) The Aphrodite Partners

The table below sets out the interests each of the Aphrodite Partners hold in the Aphrodite PSC:

	Interest %
NewMed Group	30.00
Chevron Cyprus Limited	35.00
Shell	35.00
Total	100.00

(C) The Aphrodite Development Plan

In November 2019, the Aphrodite development and production plan (the “**DPP**”) was approved by the Cypriot Government. The DPP, which is subject to further updates which may be required following the results of the planned A-3 appraisal well, the FEED and other commercial and financial aspects of the Aphrodite Project, includes the construction of an independent floating production and processing facility with a maximum production capacity of approximately 800 MMCF per day (the “**Floating Facility**”). The Floating Facility will be supported by five production wells at the first stage and a subsea system for transmission to the Egyptian market. The Aphrodite Partners are working with the Cypriot Government to update the DPP to leverage existing regional infrastructure.

According to the Aphrodite Operator’s estimate, the cost of the DPP, excluding the construction cost of the pipelines to the target markets, is approximately US\$2.5 to US\$3.0 billion. This estimate may be updated upon completion of the techno-economic feasibility tests, including the performance of a FEED.

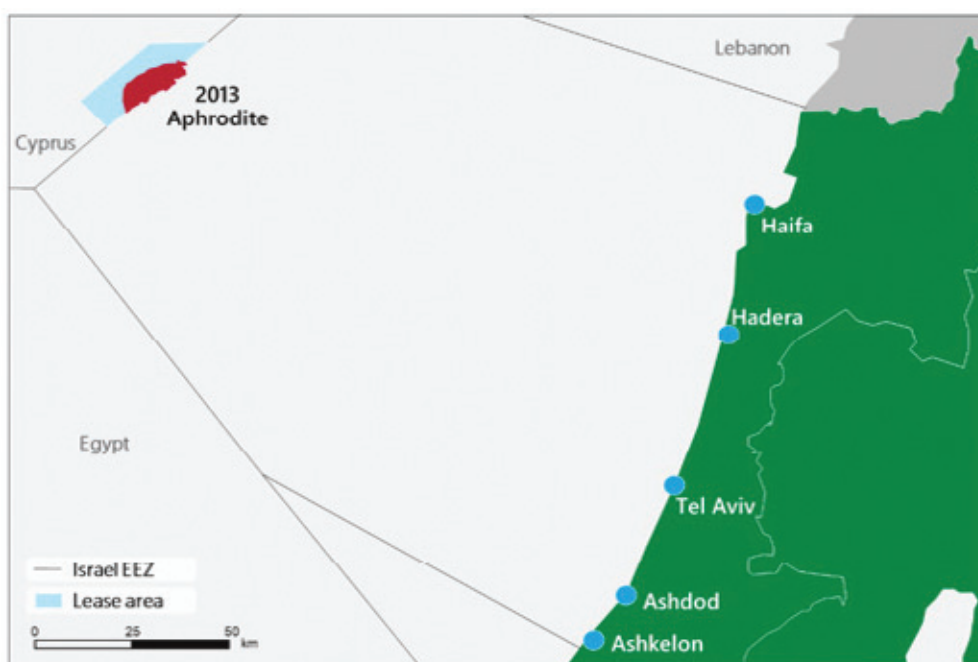
Formulation of the DPP and achieving a final investment decision for the development of the Aphrodite Field, are subject to, *inter alia*: (i) completion of the A-3 appraisal/development well and the FEED; (ii) commercial arrangements for the development of the export pipelines; (iii) execution of agreements for the supply of natural gas and fulfilment of the conditions precedent in such agreements; (iv) regulatory approvals; and (v) the execution of finance arrangements. To the extent that the above conditions are satisfied, the date of commencement of the supply of natural gas from the Aphrodite Project is currently expected to occur this decade.

5.10 Description of Principal Aphrodite Project Documents

(A) The Aphrodite PSC

The “**Aphrodite PSC**” means the Production Sharing Contract dated 24 October 2008, between The Republic of Cyprus and Chevron Cyprus, NewMed Group and BG Cyprus (subsequently acquired by Shell) (the “**Aphrodite Partners**”), as amended.

The Aphrodite PSC currently covers the Aphrodite Field and surrounding area of approximately 386 km² ("**Block 12**"). The vast majority of the Aphrodite field is located in the Cypriot EEZ, with a small part in the area of the Israeli Yishai/370 licence ("**Yishai Licence**"), which is in the Israel EEZ. Since the Aphrodite Partners and the partners in the Yishai Licence have not agreed how to regulate the overflow of the Aphrodite Field, as at the Latest Practicable Date, the resolution of this issue is with the Israeli and Cypriot governments.



Exploration Period and Relinquishments

The Aphrodite PSC authorised the Aphrodite Partners to conduct hydrocarbons exploration and appraisal operation within Block 12 during an initial exploration period as defined in the PSC. The exploration and appraisal operation will be carried out in accordance with the work plan established in the Aphrodite PSC for the exploration periods.

In 2015, the Aphrodite Partners declared a part of the area included in Block 12 as commercial discovery and submitted the DPP, and at the end of the exploration period, relinquished the remaining area. Concurrently with the approval of the DPP on 7 November 2019, the Cypriot Republic granted the Aphrodite Partners a production and exploitation licence, in accordance with the PSC (the "**Exploitation Licence**"), for an initial development and production period of 25 years from the date of the approval. The initial development and production period may be extended for an additional period of up to 10 years.

(i) Performance Milestones

The Aphrodite Partners shall fulfil the performance milestones stipulated in the PSC (the "**Performance Milestones**") as follows:

- Complete the appraisal/development well drilling (A-3) as described in the DPP, within 24 months from the receipt of the Exploitation Licence. On 9 November 2022, the Cypriot Government agreed to extend this performance milestone from November 2022 to August 2023;
- Complete the FEED (Front-End Engineering Design) activities and the final investment decision milestone as described in the DPP, within 48 months from the receipt of the Exploitation Licence.

Subject to certain conditions, the stipulated periods for the Performance Milestones fulfilment may be extended. The extended deadline for fulfilling the final investment decision milestone, shall be six years

from the receipt of the Exploitation Licence. Failure to achieve any performance milestone, except due to force majeure events (as defined in the PSC) may lead to the termination of the PSC without compensation.

(ii) *Recovery of Hydrocarbons Costs, Production Sharing and Marketing of Production*

The Aphrodite Partners shall be entitled to recover expenditures made and obligations incurred in carrying out exploration, development and production operations out of the sales proceeds (“**Costs Recovery**”), at a rate not to exceed 55 per cent. of the proceeds from gas sales (“**Cost Gas**”). The PSC specifies separate provisions regarding oil Costs Recovery. The remainder (“**Profit Gas**”) shall be shared between the Aphrodite Partners and the Cypriot Republic according to the “R” Factor value, which will be calculated by the division of the Cumulative Net Revenues by the Cumulative Capital Expenditures. The share of the Cypriot Republic will increase with the “R” factor and will reach a maximum rate when the “R” Factor equals to, or greater than, 2.5.

“**Cumulative Net Revenues**” means the total amount actually received by the Aphrodite Partners for recovery of its Costs and its share of Profit Gas in respect of the original contract area, less all operating expenditures actually incurred by the Aphrodite Partners in respect of the contract area, calculated from 24 October 2008 until the end of the quarter preceding the relevant quarter (“**period of calculation**”);

“**Cumulative Capital Expenditures**” means all development expenditures, all production expenditures of a capital nature (excluding operating expenditures) and all exploration expenditures in respect of the original contract area, actually incurred by the Aphrodite Partners at the period of calculation.

Presented in the table below are the Company’s estimations of the Cypriot Republic’s actual share of the proceeds from gas sales under four theoretical scenarios for the R-Factor and under various assumptions, *inter alia*, the gas production rate and the gas sales, the reservoir and facilities development expenditures and the operating expenditures, which may be materially different in practice.

R Factor 1	R Factor 1.5	R Factor 2	R Factor 2.5 (and above)
15.75 per cent.	21.75 per cent.	50.75 per cent.	67.5 per cent.

To the extent that in a calendar year the Costs Recovery exceeds the value of Cost Gas for such calendar year, the excess shall be carried forward for recovery in the next succeeding calendar year until fully recovered, or until termination of the PSC, where such termination occurs earlier, whatever the reason thereof. No unrecovered cost can be recovered by the Aphrodite Partners after such termination. The expenses recognised within the Cumulative Capital Expenditures according to the PSC, are subject to the approval of the Cypriot Republic and includes, *inter alia*, direct expenses in respect of exploration and evaluation, expenses in respect of the employment of workers and subcontractors, leasing offices, costs related to statutory requirements pertaining to environmental quality, material costs, insurance expenses, legal expenses, costs related to employee training, general and administrative costs of the operator related to the project and any other reasonable expense which is required for reasonable and effective exploration activity. It shall be stated that expenses related to the construction and operation of an export facility are not recognised within the Cumulative Capital Expenditures.

The surface fees and bonuses required under the PSC shall not be included in the hydrocarbons costs for purposes of cost recovery.

The applicable corporate tax imposed on the Aphrodite Partners shall be assumed to be included in the Cypriot Republic’s share of oil and gas as specified above.

In addition to the Cypriot Republic’s share of the gas, in accordance with the terms specified above, the Aphrodite Partners are obligated to sell to the Cypriot Republic, if requested in writing, a portion of

the rest of the gas for the Cypriot domestic consumption, provided that (i) the price paid by the Cypriot Republic shall not be less than the market price; and (ii) that such election shall not interfere with the proper performance of any gas sales agreement that the Aphrodite Partners have executed prior to the notice of such election.

(iii) Additional Terms

The Aphrodite Partners shall pay to the Cypriot Republic amounts, as specified in the PSC as bonuses, upon reaching milestones in relation to the average daily production rate for a continuous period of 30 days, which can amount to a total sum of US\$9 million (for 100 per cent.) (in addition to a signing bonus). The Aphrodite Partners shall pay the Cypriot Republic surface fees as specified in the PSC.

Subject to certain conditions specified in the PSC, the Cypriot Republic may terminate the PSC, without compensation. The Aphrodite Partners may at any time notify the Cypriot Republic, with at least six months prior notice, that it relinquishes its rights on all or part of Block 12.

The Aphrodite Partners shall indemnify and compensate any person, including the Cypriot Republic, for any damage or loss that the Aphrodite Partners, their employees, subcontractors and/or their employees may cause to the person, the property or the rights of the Cypriot Republic; and/or such other persons caused by or resulting from exploration, development and production operations, including, but not limited to, any environmental damage.

The Aphrodite Partners shall take out and maintain in force all insurances with respect to exploration, development and production operations, of the type and for such amounts customarily used in the international hydrocarbons industry.

The rights, interests, duties and obligations arising from the PSC shall not be transferred or assigned, in whole or part, by the Aphrodite Partners without prior written approval of the Cypriot Republic. A direct or indirect transfer of control of an entity constituting the Aphrodite Partners shall be subject to approval of the Cypriot Republic.

(iv) Applicable Law and Dispute Resolution

In the event of any dispute between the Cypriot Republic and the Aphrodite Partners arising out of, or in relation to the PSC, the parties shall use reasonable efforts to amicably reach a resolution. The parties consent to submit any dispute that has not been settled within two months from the date of notice of such a dispute for final resolution exclusively in an arbitration. The arbitration proceeding shall be London, United Kingdom and shall be conducted and the award rendered, in the English language and shall be governed by Cypriot law.

(B) The Aphrodite JOA

The Aphrodite Partners are also parties to the Aphrodite JOA, which governs the contractual relationship among them in respect of the joint operations carried out in relation to the Aphrodite Field.

The Aphrodite JOA follows the basic structure of the Leviathan JOA. The Aphrodite JOA differs mainly in that all decisions, approvals and other actions of the operating committee on all proposals coming before it shall be decided by the affirmative vote of two or more parties which are not affiliates then having collectively at least 65 per cent. of the participating interests in the licence. Chevron Cyprus serves as the Aphrodite Operator. For more details regarding the Leviathan JOA, refer to “—The Leviathan Project—The Leviathan JOA”.

5.11 Other Oil and Gas Assets

(A) Yam Tethys Project

The “**Yam Tethys Project**” (in which the NewMed Group has a 48.5 per cent. interest) comprises the Noa Field, which was discovered in 1999 and was the first commercial gas discovery offshore Israel;

the Mari-B Field, discovered in 2000; and its satellite reservoir, Pinnacles, discovered in 2012. The Yam Tethys facilities include a fixed off-shore platform for initial gas processing and treatment, a 30-inch diameter pipeline from the platform to shore (approximately 40 km in length) and an onshore terminal close to Ashdod Port for further treatment and connection to the Israeli national gas grid (the “**Yam Tethys Facilities**”). Gas production from the Yam Tethys Project began in 2004. In May 2019, after 15 years of production, the Yam Tethys reservoirs have been depleted and production was stopped. Overall, approximately 26 BCM of natural gas were produced from the Yam Tethys reservoirs.

The Yam Tethys Operator began the decommissioning and abandonment of the project’s facilities, other than the platform, including the production wells and the subsea equipment, in accordance with an approved decommissioning plan. The current budget for abandonment of the wells and subsea equipment is approximately US\$276 million (on a 100 per cent. basis). This budget does not include the abandonment of the Yam Tethys platform and the onshore terminal, which is scheduled to take place at the end of production of the Tamar Project.

As at the Latest Practicable Date, NewMed has deposited autonomous bank guarantees with the Ministry of Energy, in the amount of approximately US\$7.3 million in respect of the holding of the Ashkelon and Noa leases.

(B) Tamar Facilities Usage Agreement

Under a Facilities Usage Agreement dated 23 July 2012 among the Tamar Partners and the Yam Tethys Partners, as amended (the “**Tamar FUA**”), the Yam Tethys Partners granted the Tamar Partners the right to use and upgrade the existing Yam Tethys Facilities and to use them, in consideration for a total amount of US\$380 million.

The Tamar FUA will expire at the earlier of: (a) the expiry or termination of the Tamar Lease (and if the Dalit Field is developed in such a way as to use the Yam Tethys Facilities, then the expiry or termination of the Dalit Lease but only to such extent and only during the period of such utilisation), (b) notification by the Tamar Partners of voluntary and permanent cessation of commercial production from the fields, and (c) notification by the Tamar Partners to the Yam Tethys Group of abandonment of the fields.

The Tamar FUA includes, among other matters, provisions regulating the relationship between the Tamar Partners and the Yam Tethys Partners during the term of the Tamar FUA, including management of the Yam Tethys Facilities, allocation of liabilities, a mechanism for distributing operating expenses of the Yam Tethys Facilities and the distribution of the equity expenses of the Yam Tethys Facilities required to prepare and upgrade the Yam Tethys Facilities for the receipt of natural gas from the Tamar Field.

Yam Tethys Partners will remain the owners of the upgraded Yam Tethys Facilities.

(C) Karish and Tanin Royalties

The Karish and Tanin natural gas fields are located approximately 80 to 130 km offshore from northern Israel. In 2016, NewMed and Chevron sold the Karish and Tanin Fields to Energean. The consideration for the transaction comprised of (a) Energean paying NewMed Group a sum total of US\$40 million, (b) an obligation for Energean to pay a sum total of US\$108.5 million, to be paid in ten annual equal instalments, plus interest of 4.6 per cent. per annum (the “**Energean Loan**”) and (c) the Karish and Tanin Royalties, as described below. The outstanding balance under the Energean Loan was approximately US\$63.2 million as at 30 September 2022, with a book value of approximately US\$54.5 million as at 30 September 2022.⁶⁰

⁶⁰ This amount reflects initial cost concept select engineering studies for FY 2022 and does not include Leviathan 8 well completion. The costs and operations do not include firm commitments of the Leviathan Partners in connection with an additional expansion of the gas flow capacity to Egypt through the construction of the Combined Section and the EMG pipeline and FAJR in the amount of approximately US\$10.6 million as at the Last Practicable Date.

The NewMed Group owns overriding royalty rights in respect of production from the Karish and Tanin Fields at a rate of between approximately 2.47 per cent. and 5.12 per cent., subject to, *inter alia*, Energean's investment recovery date and the levy by the Taxation of Profits from Natural Resources Law (both as defined in "Regulatory Matters—Key Laws and Regulations in Israel—Fiscal Regulations—Taxation of Profits from Natural Resources Law"), as described below. The value of the Karish and Tanin Royalties as at 30 September 2022 was US\$310 million, and the NewMed Group expects to receive an average of US\$24.9 million in net royalty payments per year from and including 2023 to 2042 (with peak receipts expected in 2023 and 2024).

The rate of the Karish and Tanin royalties is affected by the Natural Resources Levy and the Investment Recovery Date. The Karish and Tanin royalty rate will be calculated at the well head as follows:

- approximately 5.12 per cent. before Natural Resources Levy payment and before Investment Recovery Date;
- approximately 2.47 per cent. before Natural Resources Levy payment and after Investment Recovery Date; and
- approximately 3.22 per cent. upon commencement of payment of the Natural Resources Levy (and after Investment Recovery Date).

Based on excerpts of Energean's reserve and resources report which were published on 17 March 2022, the Karish and Tanin Fields (including Karish North) contain approximately 3.5 TCF and 101.3 MMbbl of 2P Reserves and additional prospective resources⁶⁴. The production from the Karish Field commenced on 26 October 2022. Based on Energean's public update of 17 November 2022, the commencement of production from the Karish North Field is expected by the end half of 2023.

In April 2020, Energean and NewMed Group exchanged letters in connection with the Karish and Tanin Royalties, in which Energean argues, *inter alia*, that the Karish and Tanin Royalties do not apply to hydrocarbons from the "Karish North" reservoir, and in addition that not all of the hydrocarbon liquids produced from the Karish lease meet the definition of condensate under the Karish and Tanin Overriding Royalty Deed. NewMed's position, based on advice received, is that according to the Karish and Tanin Overriding Royalty Deed, the sale agreement in connection with the Karish and Tanin Leases and the registration in the Petroleum Register, Energean's obligation to pay royalties applies to natural gas and condensate produced from the Tanin and Karish Leases, including the "Karish North" reservoir, and that all of the hydrocarbon liquids to be produced from the Tanin and Karish Leases constitute condensate, as defined in the agreement. There is no agreed position as at the Latest Practicable Date.

See paragraph 9.2(H) of Part XVIII (*Additional Information*) for details on dispute between NewMed and Energean regarding the payment of the consideration under the sale agreement.

(D) EMG Pipeline

In order to enable the export of gas to Egypt from the Leviathan Field and the Tamar Field pursuant to the BOE Export Agreement, EMED Pipeline B.V. ("**EMED**"), a company jointly owned by the NewMed Group (25 per cent.), Chevron EMED Midstream Limited, a wholly owned subsidiary of Chevron Corporation (25 per cent.) and a wholly-owned subsidiary of East Gas Company (50 per cent.), purchased 39 per cent. of the share capital of East Mediterranean Gas Limited ("**EMG**") under the terms of share purchase agreements dated 26 September 2018 (the "**EMG Share Purchase Agreements**") for a consideration of approximately US\$520 million. The NewMed Group has an effective 9.75 per cent. interest in EMG (through EMED).

EMG is a private company registered in Egypt which owns a 90-kilometre offshore gas pipeline which connects between the Israeli transmission system in the Ashkelon area and the Egyptian transmission system in the El Arish area, as well as related facilities (collectively, the "**EMG Pipeline**"). The EMG Pipeline has a nameplate capacity of up to 7 BCM per year and an option to increase the capacity to up to 9 BCM per year by installing additional systems. On 15 January 2020, the flow of natural gas from the Leviathan Field to Egypt began via the EMG Pipeline.

⁶⁴ Because of the geological risk associated with each prospect, meaningful totals beyond this level can be defined only by summing risked prospective resources.

In June 2019, EMED entered into the CLOA with EMG, pursuant to which EMG granted EMED the exclusive right to lease and operate the EMG Pipeline for the transport of natural gas from Israel to Egypt for the period expiring at the end of 2030, with an option to extend the agreement for 10 more years.

In September 2019, the Leviathan Partners and the Tamar Partners entered into an agreement with NewMed Group and Chevron EMED Midstream Limited with respect to the allocation of capacity for the flow of natural gas through the EMG Pipeline, and other arrangements to enable the export of gas pursuant to the BOE Export Agreement and the Tamar-BOE GSPA. Pursuant to this agreement, the Leviathan Partners and Tamar Partners (including NewMed Group and Chevron) paid NewMed Group and Chevron the sum of US\$250 million in consideration for the investments and activities undertaken by NewMed Group and Chevron to enable the performance of the BOE Export Agreement and the Tamar-BOE GSPA. The allocation of such payments between the Leviathan Partners and the Tamar Partners is determined according to the quantity of gas supplied by them via the EMG Pipeline, which, for the period beginning on 1 January 2022 and ending on 30 June 2022, was c.82 per cent. for Leviathan Partners and c.18 per cent. for Tamar Partners. Under this agreement, the Leviathan Partners shall be entitled to the first 350,000 MMBTU of available capacity (the **"First Layer"**), and any capacity above the Second Layer (as defined below) in the EMG Pipeline on each day, the Tamar Partners shall be entitled to the capacity above the First Layer, up to 200,000 MMBTU (the **"Second Layer"**).

(E) **"Boujdour Atlantique" area offshore Morocco**

On 6 December 2022, NewMed, along with Adarco Energy Limited (**"Adarco"**), entered into agreements with the Moroccan National Office of Hydrocarbons and Mines (*Office National des Hydrocarbures et des Mines*, **"ONHYM"**) for the receipt of an exploration licence in the "Boujdour Atlantique" area offshore Morocco. The license relates to an area of approximately 33,812 square kilometres. Each of NewMed and Adarco received a 37.5 per cent. participating interest in the licences, with the remaining 25 per cent. granted to ONHYM. The agreements grant NewMed, Adarco and ONHYM the right to search for hydrocarbons in the area of the licence for a term of 8 years, subject to compliance with a work plan, which may be extended in the event of discovery. NewMed shall act as the operator of the licence. The agreements remain contingent on the receipt of approval from the Moroccan Ministers of Finance and of Energy Transition and Sustainable Development. At a general meeting on 2 January 2023, NewMed Unitholders approved these agreements. During the exploration period, NewMed and Adarco shall also bear ONHYM's share of the costs, in addition to their relative shares, in accordance with the relevant regulation in Morocco. The "Boujdour Atlantique" area is a disputed location offshore Western Sahara, which the Government of Morocco claims and administers and whose sovereignty is subject to challenge. The disputed nature of sovereignty over the area may affect NewMed's license, its operations, any further regulatory approvals and/or strategy in respect of the area.

6. Environment, Health and Safety

The Company and the NewMed Group are committed to the highest standards of regulatory compliance. For more information, see Section A, paragraph 7 of Part XVII (*The Combined Group's Regulatory Environment*).

6.1 Israel

The operations of the Israeli assets are subject to various environmental laws, regulations, permits and other requirements in Israel relating to, among other things, the generation, storage, handling, use and disposal of hazardous or regulated materials and waste, including petroleum products and by-products, the emission and discharge of such materials and wastes into the environment, the protection of natural resources, noise pollution, and human health and safety. See Section D, paragraph 2 of the section of this document entitled "Risk Factors".

There are no currently uniform standards for regulating all aspects of the various environmental activities of the Israeli assets, including wastewater discharge and soil contamination. In addition, to

some extent, and as discussed in the paragraphs below, regulators in Israel have inserted environment-related conditions and standards into individual business or operating permits on a case-by-case basis.

In September 2016, the Ministry of Energy published environmental guidelines regulating the environmental aspects of offshore exploration, development and production of natural gas and oil. The Ministry of Energy published revised environmental guidelines in 2019.

In 2016, the Petroleum Regulations 5777-2016 (“**Principles for Offshore Petroleum Exploration and Production**”) (an amendment to regulations of 2006) were published, and include various provisions regarding offshore petroleum exploration and production activity, and, *inter alia*, conditions in relation to the identity of an operator, including with respect to its experience in maintaining safety and environmental protection in the framework of petroleum exploration and production. These guidelines and regulations increased the Leviathan Field’s costs and impact the manner in which it is operated.

The Petroleum Law and regulations pursuant thereto stipulate, among other matters, that the performance of drilling activities shall be carried out with due caution in order to prevent the leakage of liquids and gases into the ground or uncontrollable gushing, as well as to prevent their penetration from one geological layer to another. Furthermore, it is forbidden to abandon a well unless it is sealed in accordance with the instructions from the Petroleum Commissioner. In addition, apart from the regulation prescribed by Israeli law, there are additional provisions on environmental issues determined also in the terms of the Leviathan Leases, and in the various approvals required for the construction and operation of the Leviathan production systems.

The costs related to environmental protection in Israel are included in the Leviathan budgets.

In November 2019, the Leviathan Operator received an air emission permit for the Leviathan Platform, valid by law for a period of seven years until 2026 (the “**Emission Permit**”). The Emission Permit includes, *inter alia*, maximum values for emission from the Leviathan Platform, and provisions with respect to implementation of the best available technology, monitoring, sampling, control and reporting to the Ministry of Environmental Protection. In addition, the Leviathan Operator received, *inter alia*, a discharge permit and a toxins permit for the Leviathan Project which is valid until June 2023 and may be reissued in accordance with the requirements of the law.

For further information on environmental regulation, please refer to Section A, paragraph 7 of Part XVII (*The Combined Group’s Regulatory Environment*).

6.2 Cyprus

Under the Cypriot Environmental Effects of Plans and Activities Law of 2005 (which implements the relevant European Directive), a strategic environmental evaluation is required in connection with a governmental decision to perform plans that may have environmental impact. The Cyprus Ministry of Energy imposed on the companies active in the oil and gas sector the preparation of a strategic environmental assessment in connection with petroleum exploration and production activities in Cyprus and in the Cyprus exclusive economic zone (EEZ) (the “**Environmental Report**”). The licence holder for the exploration or production activity must act in accordance with the Environmental Report and perform an environmental survey prior to operating in the area of the licence. Any development and production of the Aphrodite Field will be subject to the Cypriot regulatory requirements in relating to environmental and health and safety matters.

6.3 Energy Transition

NewMed believes that natural gas will continue to play a key role in the Israeli Government’s plans to discontinue coal use, and will also aid in the reduction of emissions in the export markets where NewMed operates, and where the Combined Group will operate. Accordingly, NewMed continues to invest in its natural gas assets and acts to promote projects to increase the scale of natural gas use at the expense of more polluting fuels, by transitioning to power production that is exclusively based on natural gas and renewable energies, increasing industrial use of natural gas in lieu of mazut and diesel oil, and incorporating natural gas into public and heavy transportation, and new residential neighbourhoods, thus displacing the more polluting fuels that are currently in use.

As demonstrated by the memoranda of understanding entered into with Uniper SE and Enlight (as described in paragraph 4.5 of Part VI (*Information on the NewMed Group*) of this document), NewMed is actively pursuing measures and projects that will reduce greenhouse gas emissions and concentrations. NewMed has also joined the Global Carbon Capture and Storage Institute (“GCCSI”), an international non-profit organisation that strives to accelerate the initiation, development and implementation of carbon capture and storage throughout the world. NewMed is the first, and as at the Latest Practicable Date, the only Israeli member of the GCCSI.

7. Royalties

The NewMed Group’s interests in the Leviathan Leases are subject to State Royalties payable to the State of Israel, pursuant to the provisions of the Israeli Petroleum Law 5712-1952 (the “**State Royalties**”). The NewMed Group’s interests in the Leviathan Leases and in Block 12 in Cyprus are subject to contractual overriding royalties payable to the Royalty Holders, at rates which are specified in the relevant royalties agreements, on the petroleum produced and utilised from the relevant asset in respect of the NewMed Group’s interest in these assets (the “**Overriding Royalties**”). See paragraph 5.10 of Part VI (*Information on the NewMed Group*) for further details regarding the production sharing in relation to the Aphrodite Project.

7.1 State Royalties

The Israeli Petroleum Law 5712-1952 (which applies to all forms of hydrocarbons, including natural gas) prescribes that a leaseholder shall pay royalties to the State of Israel at the rate of one-eighth (12.5 per cent.) of the petroleum produced and utilised from the area of the lease. At the election of Israel’s Petroleum Commissioner, State Royalties may be taken in kind or in cash, as calculated on the market value of the petroleum at the well head excluding the quantity of petroleum used by the leaseholder for operating the area of the lease; but in any event the royalty will be no less than the minimal royalty prescribed by the Petroleum Law.

A method of calculating the market value of the royalties at the well head is required as gas sales are priced at the entry point to the transportation system onshore and, accordingly the contractual prices stipulated in the Offtake Agreements are higher than the price at the well head. As a result, the actual rate of the State Royalties payable to the State of Israel is lower than the rate of one-eighth (12.5 per cent.) (the “**Effective Rate**”).

7.2 The Effective Rate of the State Royalties in the Leviathan Project

Since the commencement of gas production from the Leviathan Field, the Leviathan Partners have begun paying advance payments to the State of Israel on account of the State Royalties in respect of the revenues from the Leviathan Project at a provisional rate of approximately 11.26 per cent., in accordance with a letter of demand received from the Ministry of Energy in January 2020. For purposes of the Leviathan Resources Consultant’s Report, a higher and a more conservative State Royalties rate of 11.5 per cent. has been taken into consideration. For purposes of the NewMed Financial Statements included in this document with respect to the Leviathan Interest, NewMed used an Effective Rate of approximately 10.96 per cent. to calculate the expected royalties due to the Israeli Government.

In May 2020, the Ministry of Energy published general guidelines for calculating the market value of the royalties at the wellhead regarding offshore petroleum rights under the Petroleum Law. On 24 July 2022, the Director of Natural Resources at the Ministry of Energy released specific directives regarding the method of calculation of the royalty value at the wellhead in the Leviathan Project (the “**Specific Directives**”). Based on the estimates of the Leviathan Partners, there are no material differences between the Effective Rate of approximately 10.96 per cent. used in NewMed’s Financial Statements and the Effective Rate of the State Royalties as would have been calculated in accordance with the Specific Directives.

7.3 Overriding Royalties

As stated above, the NewMed Group’s Assets in Israel and Cyprus are subject to Overriding Royalties and future new assets acquired by NewMed (if any) will also be subject to such Overriding Royalties. The obligations under the Overriding Royalties are set out in the Royalties Agreement.

The working interest of NewMed Group in the Leviathan Leases in Israel and Block 12 in Cyprus are subject to Overriding Royalties, at a rate of 4.5 per cent. before the Investment Recovery Date and 9.5 per cent. after the Investment Recovery Date, as set out in the Royalties Agreements.

Similar to the terms of the State Royalties, NewMed is committed to pay the Overriding Royalties with respect to the market value of the petroleum at the well head, and accordingly NewMed calculates the Effective Rate of the Overriding Royalties in accordance with the Effective Rate of the State Royalties. The Effective Rate of the Overriding Royalties rates of the NewMed Group's working interest in the Leviathan Field and Aphrodite Field, assuming 11.5 per cent. Effective Rates of the State Royalties is 4.14 per cent. before the Investment Recovery Date and 8.74 per cent. after the Investment Recovery Date.

The right of the Royalty Holders to Overriding Royalties is linked to the NewMed Assets and in relation to the Leviathan Leases is recorded in the Petroleum Registry. Consequently, the transfer of any rights in these assets will be subject to the Overriding Royalties.

7.4 The Royalties Agreements

In 1993, NewMed entered into an agreement with Delek Energy and Delek Israel (which assigned its rights in the agreement to Delek Group in 1999) (the "**Delek Group Royalty Agreement**"), according to which Delek Energy and Delek Israel assigned and transferred to NewMed certain petroleum licences, in consideration for the undertaking of NewMed to grant the transferors overriding royalties at the following rates (as adjusted to reflect the merger of NewMed with Avner Oil): (i) pre-Investment Recovery Date: 2.5 per cent. from onshore assets and 1.5 per cent. from offshore assets; and (ii) post-Investment Recovery Date: 7.5 per cent. from onshore assets and 6.5 per cent. from offshore assets (the "**Delek Royalties**"). Under their terms, the Delek Royalties apply to the entire share of NewMed in oil and/or gas and/or other valuable substances that shall be produced and used from the petroleum assets in which NewMed has or shall have (in the future) any right (prior to deduction of any kind of royalties, but after deduction of the petroleum used for the production itself). While "Investment Recovery Date" was defined in the Delek Group Royalty Agreement, the manner of calculation of the investment recovery date is in dispute between NewMed and Delek Group. See paragraph 9.2(E) of Part XVIII (*Additional Information*) and paragraph 18, Section B of the section of this document entitled "Risk Factors".

In accordance with the terms of the Delek Royalties, as at the Latest Practicable Date, (a) Delek Overriding Royalty Leviathan Ltd, a wholly-owned subsidiary of Delek Energy, is entitled to Overriding Royalties from the NewMed Group's working interest in the Leviathan Field at a rate of: (i) 1.5 per cent. pre-Investment Recovery Date and (ii) 6.5 per cent. post-Investment Recovery Date; and (b) Delek Group and Delek Energy are entitled to Overriding Royalties from the NewMed Group's working interest in the Aphrodite Field, at a rate of: (i) 1.5 per cent. pre-Investment Recovery Date and (ii) 6.5 per cent. post-Investment Recovery Date.

In addition to the Delek Royalties, pursuant to the Avner royalty agreements, which originate from the limited partnership agreement of Avner Oil, certain third parties are entitled to Overriding Royalties at an aggregate rate of 3.0 per cent. (as adjusted to reflect the merger of NewMed with Avner Oil), with respect to the entire share of NewMed in oil and/or gas and/or other valuable substances that shall be produced and used from the petroleum assets in which NewMed has or shall have (in the future) any right (the "**Avner Royalties**"). As at the Latest Practicable Date, the Avner Royalties apply to the NewMed Group's working interest in the Leviathan Field and Aphrodite Field.

7.5 Additional Terms of the Overriding Royalties

Pursuant to the terms of the Overriding Royalties, the Royalty Holders are entitled to receive all or any of the royalties in kind, i.e. to receive in kind a part of the petroleum and/or natural gas and/or other valuable substances that shall be produced and exploited from the area of the Karish and Tanin Leases or licences which are subject to the royalties. If the Royalty Holders elected to receive the royalties in kind, the parties shall stipulate the manner and dates on which it shall receive the royalties. If any Royalty Holder did not elect to receive the royalties in kind, the Royalty Holder is entitled to

receive the market value of the royalties at the well head. The calculation of the market value of the royalties at the well head is made based on the same principles applicable to the calculation of the Effective Rate of the State Royalties, as described in the section "State Royalties" above.

The payment of the Overriding Royalties is made on a monthly basis. The measurement of the quantities of petroleum that are produced and exploited from the petroleum asset for the purpose of calculating the royalties shall be made in accordance with accepted principles in the petroleum industry.

8. Legal or Administrative Proceedings

See paragraph 9.2 of Part XVIII (*Additional Information*) for information on the NewMed Group's governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the NewMed Group is aware) during the 12 months preceding the date of this document, which may have, or have had in the recent past, a significant effect on the NewMed Group's financial position or profitability.

9. Insurance

The NewMed Group's insurance is mainly taken out in group insurance policies, which cover the assets and liabilities in the NewMed Group's various activities, but only against some risks, as is common practice in the industry of exploration, development and production of offshore natural gas. The insurance programme covers, *inter alia*: (i) expenses for control of well loss; (ii) certain coverage for political violence, property damage and consequential damage; (iii) property damage and certain consequential damage related to the insured property damage at the production phase; and (iv) liabilities for third-party bodily and property damage due to the activity of drilling or production, including pollution damage resulting from sudden and accidental events and not from gradual pollution.

The above-specified insurance policies are taken out partly independently and partly in the framework of the operator's insurance programme. The insurance policies are partly subject to the pledge and assignment of rights in accordance with financing agreements that are signed from time to time.

The NewMed Group reviews, from time to time, changes in the value of its insured property, and the amount of consequential damages that would be covered under its insurance policies in the event of damage to the insured property. It does so in order to adjust the scope of its purchased insurance according to its exposure, subject to insurance costs and available capacity within the energy insurance sector. Consequently, the NewMed Group can decide on a decrease of the purchased coverage and/or a reduction of the sum of the purchased insurance and/or decide to decrease its insurance coverage and/or reduce the sum of its purchased insurance and/or decide not to purchase any insurance at all for certain risks.

See Section B, paragraph 27 of the section of this document entitled "Risk Factors".

Part VII
Selected Financial Information for the Capricorn Group

The selected financial information relating to the Capricorn Group set out below has been extracted, without material adjustment, from the Capricorn Group Restated 2021 Financial Statements, the Capricorn Group Restated H1 2022 Financial Statements, the Capricorn Group Financial Statements or as otherwise specified. The Selected Financial Information relating to the Capricorn Group set out below should be read in conjunction with, Part IX (*Operating and Financial Review Relating to the Capricorn Group*), Part XI (*Historical Financial Information relating to the Capricorn Group*) and the information presented in this document entitled “**Important Information**”.

1. Income Statement

The table below sets forth the income statement information relating to the Capricorn Group, as restated under the accounting policies of the NewMed Group.

	As 30 June		At 31 December	
	2022 (unaudited) US\$m	2021 (unaudited) US\$m	2021 (audited) US\$m	2020 (audited) US\$m
Continuing operations				
Revenue	137.4	0.5	57.1	0.4
Other income	23.0	-	7.3	-
Cost of sales	(32.8)	-	(20.5)	-
Depletion charge	(72.0)	-	(31.2)	-
Gross profit	55.6	(8.6)	12.7	0.4
Pre-award costs	(6.3)	(8.6)	(15.8)	(12.1)
Unsuccessful exploration costs	(22.7)	-	(19.6)	(64.1)
Impairment of intangible exploration/ appraisal assets	(17.4)	-	(8.0)	-
Other operating income	(0.1)	(0.2)	24.1	2.9
General exploration and evaluation expenses	(19.9)	(15.2)	(42.8)	(40.6)
Administrative and other expenses	(33.5)	(24.6)	(58.2)	(41.1)
Operating loss	(44.1)	(47.6)	(107.6)	(154.6)
Exceptional income – India tax refund	-	-	(1,070.7)	-
Fair value loss deferred consideration on business combinations	(11.2)	-	(7.2)	-
Gain on financial assets at fair value through profit or loss	1.5	3.1	5.5	0.1
Finance costs	(6.8)	(49.0)	(68.9)	(27.9)
Profit/(Loss) before tax from continuing operations	(55.5)	(87.6)	897.0	(181.6)
Tax charge	(24.6)	-	(4.2)	-
Profit/(Loss) from continuing operations	(80.1)	(87.6)	892.8	(181.7)
Profit/(Loss) from discontinued operations	120.9	(12.8)	25.0	(100.7)
Profit/(Loss) for the year attributable to equity holders of the Parent	40.8	(100.4)	917.8	(282.4)

2. Balance Sheet

The table below sets forth the balance sheet information relating to the Capricorn Group, as restated under the accounting policies of the NewMed Group.

	At 30 June		At 31 December
	2022 (unaudited) US\$m	2021 (audited) US\$m	2020 (audited) US\$m
Non-current assets			
Goodwill	25.4	25.4	-
Intangible exploration/appraisal assets	5.1	21.4	11.9
Property, plant & equipment – development/ producing assets	334.1	373.9	849.8
Financial assets at fair value through profit or loss	119.2	120.4	-
Other property, plant & equipment and intangible assets	11.8	5.7	11.5
	495.6	546.8	873.2
Current assets			
Cash and cash equivalents	809.0	314.1	569.6
Inventory	10.8	10.8	12.3
Trade and other receivables	211.8	1,211.2	74.6
Financial assets at fair value through profit or loss	127.7	86.6	5.2
Derivative financial instruments	-	-	0.2
	1,159.3	1,622.7	661.9
Total assets	1,654.9	2,169.5	1,535.1
Current liabilities			
Deferred consideration on business combinations	24.6	20.9	-
Loans and borrowings	16.3	10.9	-
Lease liabilities	1.9	2.4	43.2
Derivative financial instruments	-	-	3.2
Trade and other payables	138.2	152.2	91.6
Provisions – well abandonment	0.5	-	-
Deferred revenue	-	-	4.8
Non-current liabilities			
Deferred consideration on business combinations	35.7	49.1	-
Loans and borrowings	157.6	166.1	-
Lease liabilities	0.2	1.3	196.8
Deferred revenue	-	-	16.9
Provisions – decommissioning and well abandonment	3.0	2.2	153.2
Deferred tax liabilities	51.9	42.7	-
	248.4	261.4	366.9
Total liabilities	429.9	447.8	509.7
Net assets	1,225.0	1,721.7	1,025.4

	At 30 June		At 31 December
	2022 (unaudited) US\$m	2021 (audited) US\$m	2020 (audited) US\$m
Equity attributable to equity holders of the Parent			
Called-up share capital	8.0	12.6	12.6
Share premium	494.7	490.9	490.1
Shares held by ESOP/SIP Trusts	(19.3)	(17.5)	(13.4)
Foreign currency translation	(90.2)	(74.1)	(130.8)
Merger and capital reserves	45.5	40.9	40.8
Hedge reserve	-	-	(3.4)
Retained earnings	786.3	1,268.9	629.5
Total equity	1,225.0	1,721.7	1,025.4

3. Cash Flow Statement

The table below sets forth the cash flow information relating to the Capricorn Group, as restated under the accounting policies of the NewMed Group.

	At 30 June		At 31 December	
	2022 (unaudited) US\$m	2021 (unaudited) US\$m	2021 (audited) US\$m	2020 (audited) US\$m
Cash flows from operating activities:				
Profit/(Loss) before tax from continuing operations	(56.4)	(88.5)	(897.0)	(181.6)
Profit before tax from discontinued operations	128.7	(12.8)	198.8	37.7
Profit/(Loss) before tax including discontinued	72.3	(101.3)	1,095.8	(143.9)
Adjustments for non-cash income and expense and non-operating cash flows:				
Other income – tax entitlement volumes	(23.0)	-	(7.3)	-
Release of deferred revenue	-	(21.7)	(21.7)	(13.9)
Unsuccessful exploration costs	23.6	-	19.6	64.1
Depreciation, depletion and amortisation	75.0	38.7	73.6	223.1
Impairment of intangible exploration/appraisal assets	17.4	-	8.0	-
Share-based payments charge	5.7	5.5	10.2	9.1
Impairment of disposal group property, plant & equipment – development/producing assets	-	144.6	56.0	-
Exceptional income – India tax refund	-	-	(1,070.7)	-
Fair value loss – deferred consideration on business combinations	11.2	-	7.2	-
Gain on financial assets at fair value through profit or loss	(129.2)	(3.1)	(5.5)	(0.1)
Loss on financial assets at fair value through profit or loss	-	-	8.1	-
Finance income	(5.1)	(5.9)	(4.5)	(0.8)
Finance costs	6.8	57.0	78.7	51.5

	At 30 June		At 31 December	
	2022 (unaudited) US\$m	2021 (unaudited) US\$m	2021 (audited) US\$m	2020 (audited) US\$m
Adjustments to operating cash flows for movements in current assets and liabilities:				
Inventory movement	-	9.0	(4.6)	1.5
Trade and other receivables movement	(62.2)	(18.5)	(70.8)	16.6
Trade and other payables movement	6.7	(19.0)	(11.5)	11.6
Net cash flows from operating activities	(0.8)	85.3	160.6	218.8
Cash flows from investing activities:				
Exceptional income – India tax refund	1,056.0	-	-	-
Expenditure on intangible exploration/appraisal assets	(38.5)	(2.9)	(43.2)	(87.6)
Expenditure on property, plant & equipment - development/producing assets	(23.2)	(6.4)	(24.0)	(271.4)
Expenditure on other property, plant & equipment and Deferred consideration received – discontinued operations	75.7	-	-	-
Expenditure on financial assets at fair value through profit	-	-	(6.9)	-
Consideration paid for assets acquired through business combination	(3.2)	(7.9)	(310.1)	-
Deferred consideration paid on business combination	(20.9)	-	-	-
Proceeds on disposal of financial assets	12.8	-	-	-
Proceeds on disposal of intangible exploration/appraisal	-	-	23.6	-
Proceeds on disposal of oil and gas assets – discontinued	-	-	63.9	524.8
Proceeds on disposal of purchaser bonds on sale of oil and gas assets – discontinued operations	-	-	30.0	-
Costs incurred on disposal of oil and gas assets	-	(6.0)	(7.3)	(1.7)
Proceeds on disposal of subsidiary	-	-	-	105.2
Costs incurred on disposal of subsidiary	-	-	-	(0.5)
Cash and cash equivalents included in assets of Interest received and other finance income	-	-	-	(2.2)
	2.7	0.1	0.2	0.8
Net cash flows (used in)/from investing activities	1.05 0.8	(24.5)	(276.7)	264.7
Cash flows from financing activities:				
Return of cash to shareholders	-	(257.2)	(257.2)	-
Debt arrangement fees	-	-	(4.6)	(5.3)
Other interest and charges	(7.3)	(3.5)	(5.8)	(7.8)
Proceeds from borrowings	-	-	181.4	139.6
Repayment of borrowings	(3.7)	-	-	(139.6)
Proceeds from issue of shares	3.8	0.5	0.9	0.3
Cost of shares purchased	(19.8)	(8.3)	(8.7)	(1.0)
Lease payments	(1.4)	(27.0)	(46.1)	(59.5)
Lease reimbursements	-	-	-	4.0
Net cash flows used in financing activities	(557.0)	(295.5)	(147.9)	(69.3)
Net (decrease)/increase in cash and cash equivalents	493.0	(234.7)	(264.0)	414.2
Opening cash and cash equivalents at beginning of year	314.1	569.6	569.6	153.7
Foreign exchange differences	1.9	6.5	8.5	1.7
Closing cash and cash equivalents	809.0	341.4	314.1	569.6

4. Non-IFRS Financial Measures/Alternative Performance Measures

Measures ¹	As at or for the six months ended 30 June		As at or for the year ended 31 December	
	2022 (unaudited)	2022 (unaudited)	2021 (audited)	2020 (audited)
(US dollars in millions)				
Adjusted EBITDAX	90.9	(29.1)	(22.4)	(45.9)
Free cash flow	162.8	63.3	246.5	458.3
Net cash	706.6	351.6	1,192.4	312.6

(1) See Section 4 of the section of this document titled "Important Information" for an explanation of each non-IFRS financial measure.

Adjusted EBITDAX

	Six months ended 30 June		Year ended 31 December	
	2022 (unaudited)	2021 (unaudited)	2021 (audited)	2020 (audited)
(US dollars in millions)				
Total profit/(loss) continuing operations	(79.8)	(88.5)	892.8	(181.6)
Income tax	23.4		4.2	0.1
India tax refund	-	-	(1,070.7)	-
Net finance costs	1.7	43.1	64.4	27.1
Depletion, depreciation and amortisation	75.0	3.4	38.3	5.4
Unsuccessful exploration costs, impairment and net general exploration expenses	60.9	16.0	46.9	104.8
Gain on financial assets at fair value through profit or loss and fair value loss on deferred consideration	9.7	(3.1)	1.7	(0.1)
Adjusted EBITDAX	90.9	(29.1)	(22.4)	(45.9)

Free cash flow

	Six months ended 30 June		Year ended 31 December	
	2022 (unaudited)	2021 (unaudited)	2021 (audited)	2020 (audited)
(US dollars in millions)				
Net cash from operations	50.2	106.0	193.8	239.4
Capital expenditures	81.6	(25.3)	86.5	(394.1)
Acquisition of oil and gas assets	(35.2)	(7.9)	(315.0)	-
Proceeds from sale of oil and gas assets	77.2	(6.0)	110.2	625.6
Borrowings and related paid off interest	(11.0)	(3.5)	171.0	(12.6)
Free cash flow	162.8	63.3	246.5	458.3

Net Cash

	As at 30 June		As at 31 December	
	2022 (unaudited)	2021 (unaudited)	2021 (audited)	2020 (audited)
	(US dollars in millions)			
Total Debt	(173.9)	-	(177.0)	-
Cash and cash equivalents	809.0	341.4	314.1	569.6
Deposits	-	-	-	-
Lease liabilities	(2.1)	(4.9)	(3.7)	(240.0)
Trade and other receivables	211.8	37.5	1,211.2	74.6
Trade and other payables	(138.2)	(22.4)	(152.2)	(91.6)
Net Cash	706.6	351.6	1,192.4	312.6

5. Data on oil and gas reserves relating to the Egyptian Assets

The table below sets out the proven plus probable oil and gas reserves as at 1 January 2021, 31 December 2021 and 30 June 2022 in relation to the Egyptian Assets.

	WI m m bo e	EI m m bo e
At 1 January 2021	-	-
Acquisitions	94.6	39.0
Production	(3.6)	(1.6)
At 31 December 2021	91.0	37.4
Production	(6.1)	(2.8)
Revisions	(5.4)	(1.1)
At 30 June 2022	79.5	33.5

Part VIII
Selected Financial Information for the NewMed Group

The selected financial information relating to the NewMed Group set out below has been extracted, without material adjustment, from the NewMed Financial Statements or NewMed's accounting systems or as otherwise specified. The Selected Financial Information relating to the NewMed Group set out below should be read in conjunction with the NewMed Financial Statements which are included in this document, Part X (*Operating and Financial Review Relating to the NewMed Group*) and the information presented in this document entitled "Important Information".

1. Statement of Profit or Loss

The table below sets forth the results of operations extracted, without material adjustment, from the NewMed Financial Statements for the periods indicated and should be read in conjunction with, and is qualified in its entirety by reference to the NewMed Financial Statements and notes thereto, which are included elsewhere in this document.

	Nine months ended 30 September		Year ended 31 December		
	2022	2021 ⁽¹⁾	2021 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽¹⁾
	(audited)	(unaudited)	(audited)	(audited)	(audited)
(US dollars in millions, unless otherwise indicated)					
Continuing operations					
Sales from contracts with customers	855.7	681.3	882.5	587.1	4.1
Royalties	(130.9)	(101.7)	(128.7)	(86.3)	(0.8)
Revenue	724.8	579.6	753.8	500.8	3.3
Cost of sales	(189.4)	(152.0)	(231.5)	(169.1)	(25.0)
Gross profit/(loss)	533.4	427.6	522.3	331.7	(21.7)
Exploration and evaluation expenses	(3.2)	(2.5)	(4.2)	(3.4)	(14.5)
Impairment of exploration and evaluation assets	(14.6)	-	-	-	-
General and administrative expenses	(11.9)	(11.9)	(17.3)	(14.6)	(11.1)
Levy	-	-	-	-	4.6
Share of loss of an associate	(3.4)	(3.7)	(4.5)	(7.7)	-
Operating profit/(loss)	502.3	409.5	496.3	306.0	(42.7)
Gain on financial assets at fair value through profit or loss	50.9	24.9	26.4	82.7	57.3
Finance income	4.4	4.6	5.0	5.3	11.8
Finance costs	(112.6)	(153.3)	(211.3)	(231.8)	(44.7)
Profit/(loss) before tax from continuing operations	445.0	285.7	316.4	162.2	(18.3)
Income tax expense	(110.3)	(216.3)	(207.8)	-	-
Profit (loss) from continuing operations	334.7	69.4	108.6	162.2	(18.3)
Discontinued operations					
Profit/(loss) from discontinued operations	(10.8)	117.6	151.7	203.1	242.1
Gain on sale of oil and gas properties	4.3	-	144.6	-	-
Total profit/(loss) from discontinued operations	(6.5)	117.6	296.3	203.1	242.1
Profit for the period	328.2	187.0	404.9	365.3	223.8

	Nine months ended 30 September		Year ended 31 December		
	2022 (audited)	2021 ⁽¹⁾ (unaudited)	2021 ⁽¹⁾ (audited)	2020 ⁽¹⁾ (audited)	2019 ⁽¹⁾ (audited)
(US dollars in millions, unless otherwise indicated)					
Basic and diluted earnings/(losses) per Unit (\$ per Unit)					
Continuing operations	0.285	0.059	0.093	0.138	(0.016)
Discontinued operations	(0.005)	0.100	0.252	0.173	0.206
Net earnings per Unit	0.280	0.159	0.345	0.311	0.190

- (1) In December 2021, the NewMed Group completed the sale of its interests in the Tamar Project. The results of operations from the Tamar Project (which constituted substantially all of the NewMed Group's revenue in 2019) for the nine months ended 30 September 2021 and for the years 2021, 2020 and 2019 are presented as discontinued operations.

2. Statement of Financial Position

The table below sets forth the balance sheet information extracted, without material adjustment, from the NewMed Financial Statements for the periods indicated and should be read in conjunction with, and is qualified in its entirety by reference to the NewMed Financial Statements and notes thereto, which are included elsewhere in this document.

	As at 30 September	As at 31 December		
	2022 (audited)	2021 (audited)	2020 (audited)	2019 (audited)
(US dollars in millions, unless otherwise indicated)				
Non-current assets				
Exploration and evaluation assets	123.4	131.3	125.4	117.6
Oil and gas properties	2,427.8	2,439.1	3,314.5	3,311.6
Intangible assets	195.2	185.8	176.8	169.1
Property, plant and equipment	4.4	1.0	1.9	1.9
Investment in associate	59.4	62.8	67.3	75.0
Long term deposits	0.5	100.7	100.5	102.9
Financial instruments	301.9	288.6	317.2	278.2
Other long-term receivables	59.5	60.0	63.2	78.6
Total non-current assets	3,172.1	3,269.3	4,166.8	4,134.9
Current assets				
Cash and cash equivalents	53.4	220.2	70.0	171.0
Short-term deposits	290.1	100.7	169.4	63.5
Trade receivables	220.2	152.5	145.7	46.9
Other receivables	75.0	49.3	18.5	72.1
Income tax receivable	17.8	-	-	-
Financial instruments	63.2	58.0	14.3	14.8
Total current assets	719.7	580.7	417.9	368.3
Total assets	3,891.8	3,850.0	4,584.7	4,503.2

	As at 30 September	As at 31 December		
	2022 (audited)	2021 (audited)	2020 (audited)	2019 (audited)
(US dollars in millions, unless otherwise indicated)				
Current liabilities				
Interest-bearing loans and borrowings	466.0	-	393.8	319.4
Trade and other payables	150.0	270.7	73.6	169.2
Distribution payable	-	86.2	36.5	33.7
Provisions – decommissioning and well abandonment	18.0	27.6	62.2	-
Financial instruments	-	-	-	5.5
Total current liabilities	634.0	384.5	566.1	527.8
Non-current liabilities				
Interest-bearing loans and borrowings	1,729.9	2,224.8	2,854.7	2,958.7
Provisions – decommissioning and well abandonment	61.2	94.4	133.3	172.3
Other long-term liabilities	2.8	-	32.9	30.9
Deferred tax liabilities	296.0	207.8	-	-
Total non-current liabilities	2,089.9	2,527.0	3,020.9	3,161.9
Total liabilities	2,723.9	2,911.5	3,587.0	3,689.7
Equity				
Issued units	154.8	154.8	154.8	154.8
Fair value reserve of financial assets at FVOCI	(57.0)	(57.0)	(70.6)	(41.3)
Cash flow hedge reserve	-	-	-	(2.7)
Other capital reserves	26.6	26.3	22.0	19.1
Retained earnings	1,043.5	814.4	891.5	683.6
	1,167.9	938.5	997.7	813.5

3. Cash Flows

The table below sets forth selected cash flow information extracted, without material adjustment, from the NewMed Financial Statements for the periods indicated, and is qualified in its entirety by reference to the NewMed Financial Statements and notes thereto, which are included elsewhere in this document.

	Nine months ended 30 September		Year ended 31 December		
	2022 (audited)	2021 (unaudited)	2021 (audited)	2020 (audited)	2019 (audited)
	(US dollars in millions)				
Cash from operating activities:					
Total profit for the period	328.2	187.0	404.9	365.3	223.8
Adjustments for non-cash income and expense and non-operating cash flows:					
Depreciation, depletion and amortisation	94.5	82.1	133.1	140.3	69.7
Change in fair value of derivative financial instruments, net	-	-	-	(2.9)	0.3
Impairment of exploration and evaluation assets	14.8	-	-	-	-
Taxes on income	60.1	216.3	207.8	-	-
Unwinding of discount on decommissioning provisions	(27.8)	(13.5)	(46.4)	(0.6)	4.6
Revaluation of short-term and long-term deposits	0.5	(0.1)	-	2.4	(2.7)
Unit-based payment charge	0.7	-	-	-	0.1
Contributions from general partner	-	2.5	4.3	2.9	2.3
Gain on financial assets at fair value through profit or loss	(51.0)	(24.9)	(26.4)	(82.7)	(57.3)
Share of loss of an associate	3.4	3.7	4.5	7.7	36.6
Gain on sale of oil and gas properties	(4.3)	-	(144.6)	-	-
Adjustments to operating cash flows for movements in assets and liabilities:					
Trade receivables	(67.6)	(47.8)	(8.0)	(98.8)	(1.5)
Other receivables	(20.9)	(26.9)	(15.2)	23.3	0.3
Other long-term receivables	3.0	(7.1)	(23.5)	(7.8)	(4.7)
Trade and other payables	33.4	47.0	(36.1)	(22.6)	(14.9)
Other long-term liabilities	(5.8)	(1.5)	(0.7)	2.2	(2.6)
Net cash flows from operating activities	361.2	416.8	453.7	328.7	254.0
Cash flow from investing activities:					
Expenditure on exploration and evaluation assets	(5.0)	(4.3)	(6.4)	(8.4)	(2.9)
Expenditure on oil and gas properties	(62.1)	(20.9)	(25.6)	(127.7)	(583.2)
Expenditure on intangible and other assets	(26.6)	(26.6)	(34.4)	(14.6)	(140.5)
Proceeds on disposal of oil and gas properties	10.5	-	954.9	-	-
Investment in associate	-	-	-	-	(75.0)
Proceeds from financial instrument	-	30.6	30.6	-	-
Proceeds from loans given	12.5	14.3	14.3	14.8	15.3
Decrease (increase) in short-term deposits, net	(69.7)	(135.1)	48.6	(105.9)	124.1
Long-term deposit in bank deposits	-	-	-	(100.0)	(41.4)
Repayment of long-term bank deposits	-	-	-	100.0	-
Net cash flows (used in)/from investing activities	(140.4)	(142.0)	982.0	(241.8)	(703.6)

	Nine months ended 30 September		Year ended 31 December		
	2022	2021	2021	2020	2019
	(audited)	(unaudited)	(audited)	(audited)	(audited)
	(US dollars in millions)				
Cash flows from financing activities:					
Proceeds from interest-bearing loans and borrowings	-	-	-	2,321.1	688.1
Payments of interest-bearing loans and borrowings	(33.0)	(6.5)	(1,035.3)	(2,374.9)	-
Proceeds (distributions) to tax authorities	(155.1)	(13.5)	(13.6)	(35.0)	(25.5)
Distributions to unitholders	(199.5)	(36.6)	(236.6)	(99.1)	(185.9)
Net cash flows (used in)/from financing activities	(387.6)	(56.6)	(1,285.5)	(187.9)	476.7
Increase/(decrease) in cash and cash equivalents	(166.8)	218.2	150.2	(101.0)	27.1
Cash and cash equivalents at beginning of period	220.2	70.0	70.0	171.0	143.9
Cash flow from investing activities	53.4	288.2	220.2	70.0	171.0

4. Non-IFRS Financial Measures/Alternative Performance Measures

In this document, certain financial measures are presented in respect of the NewMed Group that are not recognised by IFRS or any other internationally recognised generally accepted accounting principles. Such financial measures, included in this document, are (i) Adjusted EBITDAX, (ii) free cash flow and (iii) net debt.

	As at or for the nine months ended 30 September		As at or for the year ended 31 December		
	2022	2021 ⁽¹⁾	2021 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽¹⁾
		(unaudited)			
	(US dollars in millions)				
Adjusted EBITDAX(2)	610.1	481.9	613.9	393.1	(19.3)
Free cash flow(3)	245.0	358.5	306.9	124.2	215.5
Net debt(4)	(1,631.7)	- ⁽⁵⁾	(1,771.0)	(2,722.2)	(2,903.9)

- (1) In December 2021, the NewMed Group completed the sale of its interests in the Tamar Project. The results of operations from the Tamar Project (which constituted substantially all of the NewMed Group's revenue in 2019) for the nine months ended 30 September 2021 and for the years 2021, 2020 and 2019 are presented as discontinued operations.

- (2) Adjusted EBITDAX is calculated as NewMed Group's total profit/(loss) plus income tax, net finance costs, depletion, depreciation and amortisation, impairment of exploration and evaluation assets and share of loss of an associate less gain on financial assets at fair value through profit or loss, based on continuing operations. For a reconciliation of Adjusted EBITDAX to total profit/(loss), see table below:

	Nine months ended 30 September		Year ended 31 December		
	2022	2021 ^(a) (unaudited)	2021 ^(a)	2020 ^(a)	2019 ^(a)
	(US dollars in millions)				
Total profit/(loss) continuing operations	334.7	69.4	108.6	162.2	(18.3)
Income tax	110.3	216.3	207.8	0.0	0.0
Net finance costs	108.2	148.7	206.3	226.5	32.9
Depletion, depreciation and amortisation	89.8	68.7	113.1	79.4	23.4
Impairment of exploration and evaluation assets	14.6	-	-	-	-
Share of loss of an associate	3.4	3.7	4.5	7.7	0.0
Gain on financial assets at fair value through profit or loss	(50.9)	(24.9)	(26.4)	(82.7)	(57.3)
Adjusted EBITDAX	610.1	481.9	613.9	393.1	(19.3)

- (a) In December 2021, the NewMed Group completed the sale of its interests in the Tamar Project. The results of operations from the Tamar Project (which constituted substantially all of the NewMed Group's revenue in 2019) for the nine months ended 30 September 2021 and for the years 2021, 2020 and 2019 are presented as discontinued operations.
- (3) Free cash flow is calculated as NewMed Group's cash flows deriving from operating activities less capital expenditures plus proceeds from sale of oil and gas assets less borrowings and related paid off interest, based on continuing operations. For a reconciliation of free cash flow to net cash flow for the period, see the table below.

	Nine months ended 30 September		Year ended 31 December		
	2022	2021 (unaudited)	2021	2020 ^(a)	2019 ^(a)
	(US dollars in millions)				
Net cash deriving from current operations	471.2	567.5	661.4	550.4	442.0
Capital expenditures	(93.7)	(51.8)	(66.4)	(150.7)	(726.6)
Proceeds from sale of oil and gas assets(a)	10.5	-	954.9	-	-
Borrowings and related paid off interest, net	(143.0)	(157.2)	(1,243.0)	(275.5)	500.1
Free cash flow	245.0	358.5	306.9	124.2	215.5

- (a) In December 2021, the NewMed Group completed the sale of its interests in the Tamar Project.

- (4) Net debt is calculated as NewMed Group's interest-bearing loans and borrowings less cash and cash equivalents less short and long term deposits less trade and other receivables plus trade and other payables less exchange-traded funds, based on continuing operations. For a reconciliation of net debt to interest-bearing loans and borrowings for the period, see the table below:

	As at 30 September 2022	As at 31 December (unaudited)		
		2021	2020	2019
		(US dollars in millions)		
Interest-bearing loans and borrowings	(2,195.9)	(2,224.8)	(3,248.5)	(3,278.1)
Cash and cash equivalents	53.4	220.2	70.0	171.0
Deposits	290.6	201.4	269.9	166.4
Trade and other receivables	370.2	283.0	260.0	206.0
Trade and other payables	(150.0)	(270.7)	(73.6)	(169.2)
Exchange-traded funds ^(a)	-	19.9	-	-
Net Debt	(1,631.7)	(1,771.0)	(2,722.2)	(2,903.9)

- (a) Exchange-traded funds are included within the "Financial Instrument" line item on the NewMed Group's balance sheet.

- (5) This figure is not available because the NewMed Group did not publish a 30 September 2021 balance sheet.

5. Reserves Data for the Leviathan Field

The reserves data information for the Leviathan Field represents estimates only and is based on the Leviathan Field Resources Consultant's Report, attached hereto as Part XIV (*Resources Consultant's Reports on the NewMed Group*).

The reserves of natural gas and condensate in the Leviathan Field, as at 30 September 2022, were as follows:

Reserves Category ⁽¹⁾	Total in the Leviathan Field (100 per cent.)		Total Attributable to the Company (Gross) (45.34 per cent.) ⁽²⁾	
	Natural Gas BCF	Condensate Million Barrels	Natural Gas BCF	Condensate Million Barrels
Proved Reserves 1P	11,933.2	26.3	5,410.5	11.9
Probable Reserves	1,146.0	2.5	519.6	1.1
Total 2P Reserves (Proved + Probable Reserves)	13,079.3	28.8	5,930.1	13.0
Possible Reserves	808.3	1.8	366.5	0.8
Total 3P Reserves (Proved + Probable + Possible Reserves)	13,887.6	30.6	6,296.6	13.9

- (1) The amounts in the table may not add up due to rounding-off differences.
- (2) The Leviathan Field Resources Consultant's Report states NewMed Group's gross share before State and Overriding Royalties.

6. Key Operational and Financial Metrics for the Leviathan Project

	Total attributable to the Leviathan Project (Gross) (45.34 per cent.)			
	Nine months ended 30 September 2022 (audited)	Nine months ended 30 September 2021 (unaudited)	Year ended 31 December 2021 (audited)	Year ended 31 December 2020 (audited)
Gas Production (BCM) (1)	3.87	3.77	4.86	3.29
Total Net Production (MMCF)	136,819.6	133,027.9	171,685.4	116,141.4
Average Price Per MCF (\$) (2)	6.26	5.12	5.14	5.05
Average Brent price (in US\$/bbl)	102.53	67.95	70.87	41.70
Average Royalties Per MCF (\$) (3)	0.96	0.76	0.75	0.75
Government	0.71	0.56	0.55	0.55
Third Parties	0.17	0.13	0.13	0.12
Interested Parties	0.08	0.07	0.07	0.08
Average Production Costs Per MCF (\$) (4)	0.72	0.61	0.68	0.76
Net Proceeds Per MCF (\$) (5)	4.58	3.75	3.71	3.54

(1) Production figures are based on non-reviewed financial figures.

(2) Represents total revenues received in a period divided by net production in that period.

(3) Represents total or a particular type of royalties paid in a period divided by net production in that period.

(4) Represents production costs paid in a period divided by net production in that period.

(5) Represents Average Price Per MCF less Average Royalties Per MCF and less Average Production Costs Per MCF in a period.

Part IX

Operating and Financial Review Relating to the Capricorn Group

The following is a discussion of certain significant factors which have affected the results of operations of the Capricorn Group during the periods indicated below. The following discussion of the Capricorn Group should be read in conjunction with the Capricorn Group Restated 2021 Financial Statements and the Capricorn Group Restated H1 2022 Financial Statements which are included in Part XI (*Historical Financial Information relating to the Capricorn Group*) of this document and the information presented in the section of this document entitled “**Important Information**”. The following discussion contains forward-looking statements that involve risks and uncertainties. The actual results of the Capricorn Group may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in the sections in this document entitled “**Forward-Looking Statements**” and “**Risk Factors.**” The results in the future could differ significantly from the historical results.

The Capricorn Group makes reference herein to certain non-IFRS financial information. See paragraph 4 of the section of this document entitled “**Important Information**”.

1. Documents incorporated by reference

This document should be read and construed in conjunction with the following documents which have been previously published and filed with the FCA and which shall be deemed to be incorporated in, and form part of, this document:

Reference Document	Information incorporated by reference into this document	Page number(s)
Capricorn Group 2019 Financial Statements	Independent Auditors' Report	130 to 135
	Group Income Statement	136
	Group Statement of Comprehensive Income	136
	Group Balance Sheet	137
	Group Statement of Cash Flows	138
	Group Statement of Changes in Equity	139
	Notes to the Company Financial Statements	186 to 192
Capricorn Group 2020 Financial Statements	Independent Auditors' Report	128 to 133
	Group Income Statement	134
	Group Statement of Comprehensive Income	134
	Group Balance Sheet	135
	Group Statement of Cash Flows	136
	Group Statement of Changes in Equity	137
	Notes to the Company Financial Statements	181 to 187
Capricorn Group 2021 Financial Statements	Independent Auditors' Report	146 to 151
	Group Income Statement	152
	Group Statement of Comprehensive Income	152
	Group Balance Sheet	153
	Group Statement of Cash Flows	154
	Group Statement of Changes in Equity	155
	Notes to the Company Financial Statements	201 to 207

Reference Document	Information incorporated by reference into this document	Page number(s)
Capricorn Group H1 2022 Financial Statements	Group Income Statement	18
	Group Statement of Comprehensive Income	19
	Group Balance Sheet	21
	Group Statement of Cash Flows	20
	Group Statement of Changes in Equity	22 to 23
	Notes to the Company Financial Statements	24 to 41
The Capricorn Egypt Circular	Accountant's report in respect of the Capricorn Egypt Financial Statements	28 to 29
	Combined statement of income for the years ended 31 December 2018, 2019 and 2020	30
	Combined statement of financial position for the years ended 31 December 2018, 2019 and 2020	31
	Combined statement of changes in equity for the years ended 31 December 2018, 2019 and 2020	32
	Combined statement of cash flow for the years ended 31 December 2018, 2019 and 2020	33
	Notes to the Capricorn Egypt Financial Statements for the years ended 31 December 2018, 2019 and 2020	34 to 57

To the extent that any document or information incorporated by reference or attached to this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document for the purposes of the Prospectus Regulation Rules, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information.

Any statement contained in a document which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

Except as set out above, no other portion of these documents is incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for prospective investors or the relevant information is included elsewhere in this document.

These documents are also available on the Company's website at www.capricornenergy.com. The Capricorn Group 2020 Financial Statements, the Capricorn Group 2021 Financial Statements and the Capricorn Group H1 2022 Financial Statements are, additionally, each incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code.

2. Capitalisation and Indebtedness

The tables below set out the Capricorn Group's capitalisation and indebtedness as at 30 November 2022. This statement of capitalisation and indebtedness has been prepared on a basis consistent with the accounting policies used in preparing the Capricorn Group's financial information for the financial year ended 31 December 2021 as incorporated by reference in this Part IX of this document.

The tables below do not reflect the effect of the Combination, and the following tables should be read together with the rest of this Part IX (*Operating and Financial Review Relating to the Capricorn Group*), Part XIII (*Unaudited Pro Forma Financial Information*) and Part XI (*Historical Financial Information relating to the Capricorn Group*). There has been no material change to the Capricorn Group's total capitalisation and indebtedness since 30 November 2022.

3. Capitalisation

As at 30 November 2022 US\$m
(unaudited)

Current debt

Guaranteed	-
Secured	52.4
Unguaranteed/Unsecured	-
	52.4

Non-current debt

Guaranteed	-
Secured	103.7
Unguaranteed/Unsecured	-
	103.7

Shareholders Equity

Share capital	8.0
Share premium	495.2
Other reserves	609.7
	1,112.9

Total capitalisation	1,216.6

4. Net indebtedness

As at 30 November 2022
US\$m (unaudited)

Liquidity:

Cash and cash equivalents	761.6
	761.6
Current debt	(52.4)
Net current cash and cash equivalents	709.2
Non-current bank loans	(103.7)
Net cash and cash equivalents	605.5

5. Capital resources and liquidity

5.1 Liquidity

As at 30 November 2022, the Capricorn Group had significant surplus cash balances following receipt of the India tax refund, holding net cash balances of US\$605.5 million, with cash of US\$761.6 million offset by loans and borrowings of US\$156.1 million. Under both Capricorn's and the lenders base-case assumptions, the Capricorn Group has sufficient resources to maintain compliance with the financial covenant associated with the facilities in terms of a twelve-month forward-looking liquidity test. Downside scenarios run include a return to sustained low oil prices, reductions in forecast production, increases to forecast operating and drilling costs, and a reduction in amounts available to be drawn from borrowing facilities. The Capricorn Group has not currently hedged any production in Egypt, although this remains under review.

5.2 Cash flows

Group Cash Flow extract (adjusted for NewMed's accounting policies)

	At 30 June		At 31 December	
	2022	2021	2021	2020
	(unaudited)	(unaudited)		
	US\$m	US\$m	US\$m	US\$m
Cash flows from operating activities:				
Profit/(Loss) before tax from continuing operations	(56.4)	(88.5)	897.0	(181.6)
Profit before tax from discontinued operations	128.7	(12.8)	198.8	37.7
Profit/(Loss) before tax including discontinued operations	72.3	(101.3)	1,095.8	(143.9)
Adjustments for non-cash income and expense and non-operating cash flows:				
Other income – tax entitlement volumes	(23.0)	-	(7.3)	-
Release of deferred revenue	-	(21.7)	(21.7)	(13.9)
Unsuccessful exploration costs	23.6	-	19.6	64.1
Depreciation, depletion and amortisation	75.0	38.7	73.6	223.1
Impairment of intangible exploration/appraisal assets	17.4	-	8.0	-
Share-based payments charge	5.7	5.5	10.2	9.1
Impairment of disposal group property, plant & equipment – development/producing assets	-	144.6	56.0	-
Exceptional income – India tax refund	-	-	(1,070.7)	-
Fair value loss – deferred consideration on business combinations	11.2	-	7.2	-
Gain on financial assets at fair value through profit or loss	(129.2)	(3.1)	(5.5)	(0.1)
Loss on financial assets at fair value through profit or loss – discontinued operations	-	-	8.1	-
Finance income	(5.1)	(5.9)	(4.5)	(0.8)
Finance costs	6.8	57.0	78.7	51.5
Adjustments to operating cash flows for movements in current assets and liabilities:				
Inventory movement	-	9.0	(4.6)	1.5
Trade and other receivables movement	(62.2)	(18.5)	(70.8)	16.6
Trade and other payables movement	6.7	(19.0)	(11.5)	11.6
Net cash flows from operating activities	(0.8)	85.3	160.6	218.8

	At 30 June		At 31 December	
	2022	2021	2021	2020
	(unaudited)	(unaudited)		
	US\$m	US\$m	US\$m	US\$m
Cash flows from investing activities:				
Exceptional income – India tax refund	1,056.0	-	-	-
Expenditure on intangible exploration/appraisal assets	(38.5)	(2.9)	(43.2)	(87.6)
Expenditure on property, plant & equipment – development/ producing assets	(23.2)	(6.4)	(24.0)	(271.4)
Expenditure on other property, plant & equipment and intangible assets	(10.6)	(1.4)	(2.9)	(2.7)
Deferred consideration received – discontinued operations	75.7	-	-	-
Expenditure on financial assets at fair value through profit and loss	-	-	(6.9)	-
Consideration paid for assets acquired through business combination	(3.2)	(7.9)	(310.1)	-
Proceeds on disposal of financial assets	12.8	-	-	-
Proceeds on disposal of intangible exploration/appraisal assets – continuing operations	-	-	23.6	-
Proceeds on disposal of oil and gas assets – discontinued operations	-	-	63.9	524.8
Proceeds on disposal of purchaser bonds on sale of oil and gas assets – discontinued operations	-	-	30.0	-
Costs incurred on disposal of oil and gas assets – discontinued operations	-	(6.0)	(7.3)	(1.7)
Proceeds on disposal of subsidiary	-	-	-	105.2
Costs incurred on disposal of subsidiary	-	-	-	(0.5)
Cash and cash equivalents included in assets of subsidiary disposed of	-	-	-	(2.2)
Interest received and other finance income	2.7	0.1	0.2	0.8
Net cash flows (used in)/from investing activities	1,050.8	(24.5)	(276.7)	264.7
Cash flows from financing activities:				
Return of cash to shareholders	-	(257.2)	(257.2)	-
Share re-purchase	(528.6)	-	(7.8)	-
Debt arrangement fees	-	-	(4.6)	(5.3)
Other interest and charges	(7.3)	(3.5)	(5.8)	(7.8)
Proceeds from borrowings	-	-	181.4	139.6
Repayment of borrowings	(3.7)	-	-	(139.6)
Proceeds from issue of shares	3.8	0.5	0.9	0.3
Cost of shares purchased	(19.8)	(8.3)	(8.7)	(1.0)
Lease payments	(1.4)	(27.0)	(46.1)	(59.5)
Lease reimbursements	-	-	-	4.0
Net cash flows used in financing activities	(557.0)	(295.5)	(147.9)	(69.3)
Net (decrease)/increase in cash and cash equivalents	493.0	(234.7)	(264.0)	414.2
Opening cash and cash equivalents at beginning of year	314.1	569.6	569.6	153.7
Foreign exchange differences	1.9	6.5	8.5	1.7
Closing cash and cash equivalents	809.0	341.4	314.1	569.6

5.3 Funding structure

(A) Equity financing

As at the Latest Practicable Date, Capricorn has issued 315,072,439 Ordinary Shares (all of which are fully paid). The Ordinary Shares currently have a nominal value of 21/13 pence each.

(B) Debt financing

As summarised below, the Capricorn Group's borrowings as at 31 December 2021 amounted to US\$177.0 million (there were no borrowings as at 31 December 2020). The Capricorn Group's borrowings as at 30 June 2022 amounted to US\$173.9 million (there were no borrowings as at 30 June 2021). The timeframe over which the Capricorn Group's loans mature is also summarised below.

The Capricorn Group's net debt position as at 31 December 2021 was US\$137.1 million (as at 31 December 2020: US\$569.6 million) including cash resources of US\$314.1 million (as at 31 December 2020: US\$569.6 million). The Capricorn Group's net debt position as at 30 June 2022 was US\$635.1 million (as at 30 June 2021: US\$341.4 million) including cash resources of US\$809 million (as at 30 June 2021: US\$341.4 million).

Debt finance arrangements

	At 30 June		At 31 December	
	2022	2021	2021	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	US\$m	US\$m	US\$m	US\$m
Capricorn Acquisition Senior RBL Facility	137.7	-	141.4	-
Junior debt facility	40.0	-	40.0	-
Debt arrangement fees	(3.8)	-	(4.4)	-
	173.9	-	177.0	-

Maturity analysis

The expected financial maturity of the Capricorn Group's loans and borrowings at 31 December 2021 is as follows:

	< 1 year	1-2 years	2-5 years	>5 years
	US\$m	US\$m	US\$m	US\$m
Debt facilities	10.9	47.2	118.9	-

The Capricorn Group's RBL facility was cancelled in October 2021. The facility was undrawn at 31 December 2020 and throughout the current period to cancellation. Remaining unamortised fees relating to the facility, transferred to prepayments in 2020, were charged to the Income Statement on cancellation.

On 24 June 2021, Capricorn Egypt Limited entered into a US\$325.0 million Capricorn Acquisition Senior RBL Facility and an US\$80.0 million Junior Debt Facility jointly with a subsidiary of the joint operation partner in Egypt, Cheiron Oil & Gas Limited, to finance the acquisition of the Egyptian Western Desert Portfolio. The facility commitments are split 50/50 with Cheiron Oil & Gas Limited. An accordion feature on the Capricorn Acquisition Senior RBL Facility permits additional future commitments of up to US\$200 million subject to the amortisation of investor commitments. The maximum drawdown available to Capricorn at 31 December 2021 was US\$141.4 million for the Capricorn Acquisition Senior RBL Facility and US\$40.0 million for the Junior Debt Facility. As at 30 November 2022, the amount outstanding under the Capricorn Acquisition Senior RBL Facility and the Junior Debt Facility in relation to Capricorn Egypt Limited was US\$120 million and US\$40 million respectively, and the interest outstanding amounted to approximately US\$972,000 and approximately US\$780,000 respectively (the facilities each having been rolled over on the previous day).

Interest on debt drawn is charged at the appropriate LIBOR (or the applicable reference bank rate for US\$ after the discontinuation of LIBOR) for the currency drawn plus an applicable margin for both facilities. The facilities remain subject to biannual redeterminations, contain certain covenants and are cross-guaranteed by Capricorn Egypt and Cheiron Oil & Gas Limited, including as to obligations owed

by the other borrowers. The obligations under these facilities are joint and several as between Capricorn Egypt and Cheiron Oil & Gas Limited. The parties have agreed in the JMA to indemnify each other in respect of any liability borne by a party in excess of their 50 per cent. obligation under the Capricorn Acquisition Senior RBL Facility or the Junior Debt Facility. Any debt drawn is repayable in line with the amortisation of bank commitments over the period from September 2022 to the extended final maturity date of September 2026 (in the case of the Capricorn Acquisition Senior RBL Facility) or September 2028 (in the case of the Junior Debt Facility). All drawings in the year were denominated in US\$.

The Senegal Bridge facility was drawn from September to December 2020, then repaid in full and cancelled on 23 December 2020 after proceeds were received from the sale of Senegal assets.

5.4 Funding and treasury policies

(A) Commodity price hedging

Dependent on market conditions, Capricorn may hedge production for the Capricorn Group's assets in line with hedging policies approved by its board to protect its ability to cover ongoing committed and other expenditures, to maintain or enhance debt levels and to protect its ability to meet meeting financial covenants. Oil and gas price commodity hedging may be undertaken using swaps, options, collar options or collar structures. As at the Latest Practicable Date, Capricorn did not have any outstanding commodity hedging although this remains under review.

(B) Foreign exchange hedging

Capricorn manages exposures that arise from non-functional currency receipts and payments by matching receipts and payments in the same currency and actively managing the residual net position. The Capricorn Group also aims where possible to hold surplus cash, debt and working capital balances in the functional currency of the subsidiary, thereby matching the reporting currency and functional currency of most companies in the Capricorn Group. This minimises the impact of foreign exchange movements on the Capricorn Group's balance sheet. Where residual net exposures do exist and they are considered significant, Capricorn may from time-to-time opt to use derivative financial instruments to minimise exposure to fluctuations in foreign exchange.

(C) Applicable interest rates

Capricorn monitors ongoing net exposures to interest rates. Where residual net exposures do exist and they are considered significant, Capricorn may from time-to-time opt to use derivative financial instruments to minimise exposure to fluctuations in interest rates. As at the Latest Practicable Date, none of Capricorn's total borrowings has been fixed using the interest rate swap markets.

5.5 Restrictions on use of capital resources

As at the Latest Practicable Date, there are no restrictions on Capricorn's use of its capital resources which have materially affected, or could materially affect, directly or indirectly, Capricorn's operations (within the meaning intended by the Prospectus Delegated Regulation).

5.6 Principal investments

The Capricorn Group's capital investment from 1 January 2019 to 31 December 2021 principally related to exploration activities in the UK and Mexico and development of the Sangomar Project in Senegal. To the extent that Capricorn sanctions significant new development projects, it is expected that funding would come from one or more of the following sources: existing cash position; debt facilities; cashflow generated by production; new equity raised; or third party funding arrangements.

6. Sustainability Commitment

The Capricorn Group adheres to high sustainability standards, invests to ensure its portfolio remains competitive through stringent energy transition scenarios and is committed to net zero Scope 1 and Scope 2 carbon emissions by 2040. The Capricorn Group's sustainability strategy underpins its efforts to protect the environment and transition to more sustainable energy sources, support society by creating value for its stakeholders (including employees, suppliers, shareholders and communities) and use sound governance structures to ensure it conducts its business ethically and manage risks effectively.

In September 2021, Capricorn released its Climate and Energy Transition roadmap. This sets out the Capricorn Group's medium-term target to reduce absolute emissions by 25 per cent. by 2030, as well as its commitment to an accelerated target of net zero Scope 1 and 2 emissions by 2040. Capricorn was also the first UK independent oil and gas company to commit to World Bank Zero Routine Flaring by 2030. The findings of the scenario analysis exercise conducted by Capricorn in the financial year ended 31 December 2021, which tested the resilience of Capricorn's Egypt portfolio against IEA's STEPS, SDS and NZE scenarios (applying a conservative set of assumptions), showed that its assets would generate value in the most ambitious climate scenario, aligned with a 1.5 degree warming. In respect of the financial year ended 31 December 2022, the Capricorn Group has performed the same analysis against the abovementioned IEA scenarios as in the previous financial year, including with reference to the IEA's latest World Energy Outlook report (published in November 2022), although work on the 2022 scenarios is not yet complete. Details of this analysis will be published in the next annual report. The results of this analysis do not differ materially from those conducted for the financial year ended 31 December 2021. The Capricorn Group's portfolio continues to show resilience and strong value generation even in a 1.5 degree scenario.

Capricorn prioritises the health, safety, security, and well-being of its people and remains committed to protecting the environment and supporting communities in the areas where it operates, in alignment with the UN Sustainable Development Goals. Capricorn had zero recordable injuries in its operated assets in the financial year ended 31 December 2021, exceeding its occupational safety performance target, which was set using the International Association of Oil & Gas Producers (IOGP) benchmarks. Capricorn has also aligned its scoring mechanism for contractor HSE evaluations with IOGP methodologies.

In 2021, Capricorn developed and implemented its strategic D&I ambition: "To nurture an inclusive and sustainable culture, where differences are encouraged, embraced and recognised as key drivers of value to all stakeholders." It also reviewed and revised the criteria for selecting and assessing social investment projects, improving alignment to the UN Sustainability and Development Goals, and developed an assessment tool.

Part X

Operating and Financial Review Relating to the NewMed Group

The following is a discussion of certain significant factors which have affected the results of operations of the NewMed Group during the periods indicated below. The following discussion of the NewMed Group should be read in conjunction with the NewMed Financial Statements which are included in this document and the information presented in the section of this document entitled “**Important Information**”. The following discussion contains forward-looking statements that involve risks and uncertainties. The actual results of the NewMed Group may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in the sections in this document entitled “**Forward-Looking Statements**” and “**Risk Factors**.” The results in the future could differ significantly from the historical results.

The NewMed Group makes reference herein to certain non-IFRS financial information. See paragraph 6 of the section of this document entitled “**Important Information**”.

1. Overview

The NewMed Group is a leading independent group involved in the exploration, development, production and commercialisation of natural gas in the Eastern Mediterranean. Its principal asset, the Leviathan Project, produces and sells material quantities of natural gas to customers in Jordan, Egypt and Israel. Gas sales are pursuant to the terms of offtake agreements, which have a take-or-pay commitment and, for the substantial majority of such agreements, a floor price. NewMed is a public limited partnership with participation units trading on the TASE and is the parent entity for the NewMed Group. The NewMed Group holds interests in:

- the Leviathan Project, which operates the Leviathan Field, a high quality reservoir with approximately 22 TCF of total natural gas resources (gross (100 per cent.) 2P and 2C) as at 30 September 2022 and the largest gas discovery in the region, with current production capacity of approximately 12 BCM per annum (1.2 BCF/d) and with potential for further development to a total capacity of approximately 21 BCM per annum (2.1 BCF/D);
- the Aphrodite Project, based on the Aphrodite Field within Block 12, is the first gas discovery in the Cypriot EEZ with 3.5 TCF of 2C resources and 0.9 TCF of prospective resources as at 30 September 2022, could potentially commence supply of natural gas in this decade;
- the Karish and Tanin Royalties which relate to the Karish and Tanin Fields in Israel (which NewMed Group and Chevron sold to Energean in December 2016); gas flow from the Karish field commenced in late October 2022;
- the Yam Tethys Project, which produced from the Yam Tethys Fields, including the first commercial natural gas discoveries offshore Israel (now fully depleted, but maintains facilities currently used by the Tamar Project under the Tamar FUA); and
- EMED BV (a 25 per cent. holding), which holds 39 per cent. in the East Mediterranean Gas Company (EMG), and a Capacity Lease Operatorship Agreement under which EMED gained full capacity and operation rights in the EMG Pipeline, connecting the Israeli and Egyptian transmission systems, to enable the flow of gas from Israel to Egypt.

As at 30 September 2022, the NewMed Group’s total 2P reserves were 5.9 TCF and its 2C resources were 5.1 TCF (of which Leviathan accounted for 5.9 TCF and 4.0 TCF, respectively) and 24.2 MMBL of 2P+2C condensate.

The NewMed Group has a highly visible growth path with multiple export options, including via the EMG Pipeline, the onshore pipeline to Jordan and to Egypt via Jordan, other potential pipelines under consideration, and ongoing discussions regarding other potential options for LNG and CNG exports.

2. Factors Affecting Results

(A) Production volumes and commencement of production at the Leviathan Field

The NewMed Group's gas production volumes have had and are expected to continue to have a significant impact on its, and in the future the Combined Group's, results of operations, including revenue.

The Tamar Field began production on 31 March 2013 and NewMed Group disposed of its interests in the Tamar Project in December 2021. As a result of the sale, in the NewMed Financial Statements the results of operation attributable to the Tamar Project are presented as discontinued operations. The Leviathan Project, which is the NewMed Group's only producing asset after the sale of its interest in Tamar, started production on 31 December 2019. For the year 2019, all or substantially all of the NewMed Group's gas production was from the Tamar Project and such results are presented as discontinued operations.

Following the commencement of gas production at the Leviathan Field on 31 December 2019, in the year ended 31 December 2021, NewMed's share of gas production from the Leviathan Field was 4.9 BCM.

The table below presents information on NewMed's gas sales from the Leviathan Project for the nine months ended 31 September 2022 and 2021 and for the year ended 31 December 2021.

	Nine months ended 30 September		Year ended 31 December		
	2022 (audited)	2021 (unaudited)	2021 (audited)	2020 (audited)	2019 (audited)
Gas sales (BCM) (Leviathan 45.34 per cent.)(1)	3.87	3.77	4.86	3.28	0.15

(1) Represents 45.34 per cent. of sales of natural gas by the Leviathan Partners from the Leviathan Project, rounded to one tenth of one billion cubic meters. Production from the Leviathan Field commenced on 31 December 2019.

Gas production volumes can vary from period to period, including quarter to quarter, as a result of demand and production factors, many of which are described in "*Risk Factors—Risks Factors Relating to the Gas and Oil Industry*". For example, weather conditions in relevant end markets impact gas demand. In addition, COVID-19 and the related countermeasures negatively affected NewMed's results of operations with respect to production from the Leviathan Field. See Section B, paragraph 29 of the section of this document entitled "Risk Factors".

In light of the divestment of the Tamar Project, the Leviathan Field is the NewMed Group's only source of revenues from sales of gas and condensate and is expected to remain its principal source of revenues until other oil and gas assets are developed or acquired. The Leviathan Field has current production capacity of 12 BCM annually under its first phase of development commenced on 31 December 2019 and achieved an average uptime of above 98 per cent. since the start of commercial production. For the nine months ended 30 September 2022 and for the year ended 31 December 2021, the Leviathan Field's production (on a 100 per cent. basis) was approximately 8.54 BCM and 10.72 BCM, respectively. The NewMed Group's sales to the regional markets (Egypt and Jordan) for the nine months ended 30 September 2022 and for the year ended as at 31 December 2021, attributable to the Leviathan Field, totalled approximately US\$637.7 million and US\$563.0 million, respectively, relating to production of approximately 2.55 BCM and 2.8 BCM, respectively, out of total revenues of US\$855.7 million and US\$882.5 million, respectively, relating to production of approximately 3.87 BCM and 4.86 BCM in the respective periods. In order to meet the prospective additional demand for gas in its regional markets, the NewMed Group is considering promoting the development of additional phases of the Leviathan Field to increase production to approximately 21 BCM per year (2.1 BCF/D). See paragraph 3.6 of Part VI (*Information on the NewMed Group*) for further information on the Leviathan Field.

The NewMed Group is focused on other oil and gas opportunities. The NewMed Group's principal current prospect for potential future development is the Aphrodite Field, may leverage existing or

planned regional facilities, some of which may be owned or operated by others. The Aphrodite Partners have approved to date a budget of US\$192 million for the drilling of the A-3 appraisal well and for Pre-FEED works in the Aphrodite Project. Drilling of the A-3 well is expected to commence in the first half of 2023. On 6 December 2022, NewMed, along with Adarco, entered into agreements with ONHYM for the receipt of seventeen exploration licences in the “Boujdour Atlantique” area offshore Morocco, which remains subject to certain conditions. Each of NewMed and Adarco received a 37.5 per cent. participating interest in the licences, with the remaining 25 per cent. granted to ONHYM. See paragraph 4 of Part VI (*Information on the NewMed Group*) and Section (B), paragraph 5 of Part X (*Operating and Financial Review Relating to the NewMed Group*) below for further information on the NewMed Group’s strategy to further commercialise and develop its natural gas and petroleum assets.

(B) Oil and gas prices and prices receivable under principal Leviathan Offtake Agreements

The NewMed Group’s gas production attributable to the Leviathan Field is sold under the Leviathan Offtake Agreements and revenues from the current Leviathan Offtake Agreements (and any others entered into) are expected to remain the principal source of the NewMed Group’s revenues unless other oil and gas assets are developed or acquired. As a result, the NewMed Group’s results of operations will be dependent upon the gas prices received under the Leviathan Offtake Agreements for the foreseeable future.

As at the Latest Practicable Date, the Leviathan Partners are party to approximately 10 domestic Leviathan Offtake Agreements for the firm sale of natural gas from the Leviathan Field to customers in Israel. The Israeli offtakers include IPPs and industrial companies. The domestic Leviathan Offtake Agreements have an aggregate total contract quantity (“TCQ”) of approximately 23.6 BCM, as detailed in the table below.

In addition, the Leviathan Partners have signed two export Offtake Agreements for the sale of natural gas to offtakers in Jordan and Egypt (being the NEPCO Export Agreement and the BOE Export Agreement respectively) with aggregate TCQ of approximately 105 BCM.

The following table sets out a summary of the Leviathan Offtake Agreements agreed by the Leviathan Partners (on a 100 per cent. basis), as at 31 December 2022, grouped according to their demand base classification.

Offtake Parties	Agreement Duration in years ⁽³⁾	Max Offtake Quantity (Annual) in BCM ⁽¹⁾	Total Contract Quantity (TCQ) in BCM ⁽²⁾
IPPs	9-25 ⁽⁴⁾	1.1	19.1
Industrial customers	<1-15 ⁽⁴⁾	0.8	4.5
Total for domestic offtake agreements		1.9	23.6
NEPCO	15	3.0	44.4
BOE	15	4.7	60.1
Total		9.6	128.1

- (1) The Max Offtake Quantity represents the maximum aggregate firm annual quantity that the Leviathan Partners undertook to supply under the relevant Leviathan Offtake Agreements as at the Latest Practicable Date. As different Leviathan Offtake Agreements are effective in different years, such quantity may vary from year to year. The Leviathan Offtake Agreements include options for the provision of additional quantities on an interruptible basis (subject to available capacity).
- (2) The TCQ is the maximum firm quantity that the Leviathan Partners undertook to supply during the duration of the relevant Offtake Agreement. The Leviathan Offtake Agreements include options for the provision of additional quantities on an interruptible basis (subject to available capacity).
- (3) The Leviathan Partners have signed multiple contracts with various IPPs and industrial customers as a bridge to the Karish- and Tanin-related commercial gas. Such contracts are not taken into account for the purposes of calculating the Agreement Duration.
- (4) Represents a non-weighted arithmetic average duration.

The Leviathan Offtake Agreements price formulas are linked to various indices, including the Brent Index and the EA Tariff. The EA Tariff is set by the Israeli Electricity Authority based on, among other things, a calculation of IEC's recognised costs for generating electricity, made up mainly of fuel costs and, to a lesser extent, capital costs. The methodological changes made by the EA in recent years, which aim to better reflect actual costs, make it difficult to predict the EA Tariff, and may lead to disputes between gas suppliers and customers with respect to the manner of the calculation of the EA Tariff. The pricing formulas used in the Leviathan Offtake Agreements include minimum unit sale prices (also referred to as the "floor price"), which limit exposure to adverse commodity price movements, and an upside for appreciation in the Brent crude price or EA Tariff.

The recent increases in the EA Tariff and the Brent Index have raised the relevant gas price in the Leviathan Offtake Agreements that are linked to the EA Tariff. The BOE Export Agreement includes the option to reduce the relevant take-or-pay quantities to 50 per cent. of the annual contractual quantities in each year when the average Brent Index-linked price is below US\$50 a barrel

In particular, the average annual Brent price had increased from approximately US\$42 per barrel in 2020 to approximately US\$71 per barrel in 2021 (with a year-over-year increase of 69 per cent.) and increases to approximately US\$101 per barrel in 2022 (an increase of 42 per cent. compared to the average price in 2021). In addition, the EA Tariff increased from 25.3 agorot/kwh in 2021 to 28.7 agorot/kwh in the beginning of 2022, followed by a further increase to 31.4 agorot/kwh in August 2022 and a reduction to 31.19 agorot/kwh as of 1 January 2023 (an aggregate increase of approximately 23 per cent. compared to 2021). This increase in the EA Tariff was driven, *inter alia*, by the global increase in the price of most commodities, mainly coal. See Section B, paragraph 2 of the section of this document entitled "Risk Factors" — and see section B, paragraph 1 of the "Risk Factors" section for additional information on the risks to NewMed's revenues associated with decreases in the EA Tariff or the Brent Index.

(C) Depreciation, Depletion and Amortisation

Depletion expenses have affected the NewMed Group's results of operations historically and will continue to affect the NewMed Group's results of operations in the future. Depletion of oil and gas assets are based on the production unit method and based on proved and probable reserves. In accordance with the depletion based on proved and probable reserves, the estimate of future investments (in non-discounted values) required to produce such reserves is added to the book value (only for the purpose of calculating the depletion costs). These sums are multiplied by the amount of gas produced during the period proportionately to the proved and probable reserves estimate. Depreciation, depletion and amortisation for the nine months ended 30 September 2022 and the year ended 31 December 2021 was US\$89.8 million and US\$113.1 million, respectively, compared to US\$79.4 million and US\$23.4 million, respectively, for the years ended 31 December 2020 and 2019. Depletion expenses reflect production from the Leviathan Project from 31 December 2019. Depreciation expenses derive, *inter alia*, from updating of the asset retirement obligations in connection with the Yam-Tethys Project. Depletion expenses attributed to the Tamar Project for the years ended 31 December 2019 to 31 December 2021 were included in the total profit from discontinued operation.

(D) Leviathan Project Capital Expenditure

The Leviathan Partners have incurred a total capital expenditure of approximately US\$5.2 billion as at the Latest Practicable Date. The Leviathan Partners have incurred certain investment commitments for the development of the Leviathan Field. As at the Latest Practicable Date, the aggregate future investments for which all of the Leviathan Partners have already made firm commitments amount to approximately US\$196.1 million⁶¹, which are commitments relating to signed budgets that are partially utilised, and there is no certainty that they will be fully utilised. The NewMed Group's capital expenditures for 2022 was approximately US\$122.8 million. In connection with extracting proved and probable reserves at the Leviathan Project, according to the Leviathan Field Resources Consultant's Report, no major capital investments are needed or were assumed, beyond abandonment costs that will be incurred in the final years of the Leviathan Project. To recover volumes classified as contingent

⁶¹ Excluding unused Phase 1A exploration and development budgets.

resources, i.e. beyond volumes classified as reserves, additional costs and capital are assumed, including those associated with additional production wells and subsea installations, to support forecasted production levels.

It is anticipated that the NewMed Group would incur substantial development costs if the development of Aphrodite and/or Leviathan Phase 1B is pursued. The Aphrodite Partners and Leviathan Partners have not taken any decision relating to such development activity but have approved to date a budget of US\$192 million for the drilling of the A-3 appraisal well and for Pre-FEED works in the Aphrodite Field. See paragraph 5.3(xv) of Part VI (*Information on the NewMed Group*) for a discussion of how capital investment decisions are made pursuant to the Leviathan JOA and each Leviathan Partner's obligations in respect of such investment programmes. Also, the project to lay a third subsea flowline in the Leviathan Field is expected to be approved in 2023 to 2024. See paragraph 3.4(A) of Part IV (*Information on the Combined Group*). Additionally, in the future, the NewMed Group and its partners in its Oil and Gas Assets may decide to develop, expand or improve their projects. If a decision is made to undertake any of these activities, the NewMed Group may be required to raise additional capital or financing, including through future private or public debt offerings or otherwise.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells is capitalised within oil and gas properties. In addition, certain borrowing costs and other related costs are capitalised in oil and gas properties and property under construction. The NewMed Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (i.e. assets that are eligible for capitalisation of borrowing costs in accordance with the IFRS). Borrowing costs (including capitalised borrowing cost) include interest expenses on loans and debentures, which are expensed using the effective interest rate method.

(E) Divestment of the Tamar Project

As at 1 January 2019, the NewMed Group owned a 22.0 per cent. working interest in the Tamar Lease, which consisted of the Tamar Field, and part of the Tamar SW Field.

In December 2021, the NewMed Group completed the sale of its interests in the Tamar Project. As a result, in accordance with IFRS, the NewMed Financial Statements included in the Combined Prospectus and Circular contain the results attributable to the Tamar Project for the periods under review but present them as discontinued operations. As a result, following the divestment of the Tamar Project by the NewMed Group, the NewMed Group's results of operations no longer include results attributable to the Tamar Project.

(F) Financing arrangements and cost of capital

During the periods under review, the NewMed Group's primary external sources of liquidity have included cashflow from the Leviathan Project, the Tamar Project, the divestment of the Tamar Project and external financing. As at 30 September 2022, the NewMed Group, on a consolidated basis, had US\$2.22 billion in total borrowings (not including buyback of the Leviathan Bonds), principally comprised of the Leviathan Bonds, which were issued on 18 August 2020, with an outstanding book value of US\$2.22 billion (reflecting buyback of the Leviathan Bonds). See paragraph 5(D) of Part X (*Operating and Financial Review Relating to the NewMed Group*) and Note 17 to the NewMed Financial Statements for further details.

The NewMed Group's working interest in the Leviathan Project has been pledged in connection with the Leviathan Bonds that were issued to refinance facilities drawn upon to finance the NewMed Group's 45.34 per cent. share of Leviathan development costs. See paragraph 5(D)(i) of Part X (*Operating and Financial Review Relating to the NewMed Group*) and Section B, paragraph 9 of the section of this document entitled "Risk Factors".

The notes issued by NewMed Group are fixed rate notes and, therefore, NewMed Group is not exposed to interest rate rises on its debt. However, given the maturity profile of the outstanding notes, NewMed Group may need to refinance them and may need to borrow further capital to fund Aphrodite or Leviathan Phase 1B development, so the NewMed Group might be exposed to the impact of rises in interest rates.

On 6 December 2021, NewMed entered into a bank credit facility with an Israeli bank in connection with funding its ongoing operations. Under this facility, NewMed may, for a period commencing from 6 December 2021 and ending on 6 February 2023, draw down from time to time US dollar loans up to a total amount of US\$100 million. Annual interest equal to LIBOR plus a margin applies to loans. Fees are payable on the undrawn balance as well as a commitment fee. There are debt incurrence covenants under the facility which, subject to certain conditions, limit NewMed's ability to incur additional debt. As at the Latest Practicable Date, NewMed has not yet drawn from the credit facility. The credit facility is expected to remain in place after Completion.

(G) Royalties and gas profits levy

The NewMed Group's net revenues and results of operations have in the past been, and the NewMed Group's will in the future be, affected by its payment of royalties and gas profit levies.

The rate of the levy is calculated according to an R-factor mechanism, taking into account the ratio between the net aggregate revenues from the project and the aggregate investments as defined in the Taxation of Profits and Natural Resources Law, 5771-2011.

The following table sets out the amount of royalties paid out that are attributed to the Leviathan Project and are split between royalties to the State, royalties to interested parties and royalties to a third party:

	Nine months ended 30 September		Year ended 31 December		
	2022 (audited)	2021 (unaudited)	2021 (audited)	2020 (audited)	2019 (audited)
	(US dollars in millions)				
Royalties to the State	(96.6)	(74.8)	(94.7)	(63.5)	(0.4)
Royalties to interested parties	(11.4)	(9.0)	(11.4)	(7.6)	(0.3)
Royalties to a third party	(22.9)	(17.9)	(22.6)	(15.2)	(0.1)
Total	(130.9)	(101.7)	(128.7)	(86.3)	(0.8)

Royalties to the State and overriding royalties (to interested and third parties) as included on the NewMed Group's books:

Rate of the royalties in Leviathan Project:

To the State	10.96%	10.92%	10.73%	10.81%	-
To interested parties	1.31%	1.31%	1.29%	1.61%	-
To a third party	2.63%	2.62%	2.57%	2.28%	-

Rate of the royalties in Yam Tethys project:

To the State	-	-	-	-	11.61%
To interested parties	-	-	-	-	7.62%
To a third party	-	-	-	-	1.38%

The following discussion focuses on the Leviathan Project royalties, as it is the only asset in respect of which royalties will be paid in light of the Tamar Sale (royalties with respect to Yam Tethys ceased in May 2019, when it ceased production).

The State Royalties, as well as the Overriding Royalties that are payable to the Royalty Holders, are based on the amount of Petroleum produced and utilised from the area of the Leviathan Leases. The NewMed Group's amount of State Royalties and Overriding Royalties relating to the Leviathan Leases were US\$96.6 million and US\$34.3 million, respectively, in the nine months ended 30 September 2022, and US\$94.7 million and US\$34.0 million, respectively, in the year ended 31 December 2021. The NewMed Group also expects that if development is pursued and production commences, it will be subject to overriding royalties and government take in connection with the Aphrodite Project subject to its development plan. See paragraph 5.9(C) of Part IV (*Information on the Combined Group*).

(i) *State Royalties*

The Israeli Petroleum Law 5712-1952 (which applies to all forms of hydrocarbons, including natural gas) prescribes that a leaseholder shall pay royalties to the State of Israel at the rate of one-eighth (12.5 per cent.) of the petroleum produced and utilised from the area of the lease (the State Royalties, as defined above). At the election of Israel's Petroleum Commissioner, State Royalties may be taken in kind or in cash, as calculated on the market value of the petroleum at the wellhead, excluding the quantity of petroleum used by the leaseholder for operating the area of the lease. The royalties will be no less than the minimal royalty prescribed by the Petroleum Law (as defined in paragraph 1.2(c) of Part XVII (*The Combined Group's Regulatory Environment*)).

A method of calculating the market value of the royalties at the wellhead is required as gas sales are priced at the entry point to the transportation system onshore and, accordingly, the contractual prices stipulated in the Offtake Agreements are higher than the price at the wellhead. As a result, the actual rate of the State Royalties payable to the State of Israel is lower than the rate of one-eighth (12.5 per cent.) (the "**Effective Rate**").

In May 2020, the Ministry of Energy published general guidelines for calculating the market value of the royalties at the wellhead regarding offshore petroleum rights under the Petroleum Law (the "**Royalties Guidelines**"). In July 2022, the Ministry of Energy published additional specific instruction for the Leviathan Field. See paragraph 7.2 of Part VI (*Information on the NewMed Group*) for further information on the Royalties Guidelines.

Since the commencement of gas production from the Leviathan Field, the Leviathan Partners have begun paying advance payments to the State of Israel on account of the State Royalties in respect of the revenues from the Leviathan Project at a provisional rate of 11.26 per cent., in accordance with a letter of demand received from the Ministry of Energy in January 2020. For purposes of the Resources Consultant's Report and the DCF calculation attached thereto, a higher and more conservative States Royalties rate of 11.5 per cent. has been taken into consideration. The NewMed Group's position is that the calculation of the actual rate of the State of Israel royalties for income from the Leviathan Project should reflect the complexity, the risks and the size of investments involved in the project. According to a calculation based on the principles of the directives stated in paragraph 3(C) below, the actual rate of royalties to the State of Israel, reflected in the NewMed Financial Statements as at 31 December 2021, is 10.73 per cent.

See paragraph 3(C) of Part X (*Operating and Financial Review Relating to the NewMed Group*) for further details on the wellhead rate taken into account in the NewMed Financial Statements of the State Royalties related to the Leviathan Leases for the periods under review, as well as the Overriding Royalties that the Leviathan Interest is subject to.

(ii) *Overriding Royalties*

The NewMed Group's participation production from the Leviathan Field is subject to contractual royalties obligations payable to the Royalty Holders from oil and gas properties (an affiliate of Delek Group and certain third parties), at rates which are specified in the different Royalties Agreements, on the petroleum produced and utilised from the Leviathan Lease.

The royalty rates are specified in the different Royalties Agreements and increase overall on the Investment Recovery Date (as defined below). Under the relevant agreements, the Overriding Royalties rates for the Leviathan Field or offshore assets working interest and Aphrodite Field working interest at wellhead are each 4.5 per cent. pre-Investment Recovery Date and 9.5 per cent. post-Investment Recovery Date. Accordingly, following the Investment Recovery Date for the Leviathan Field working interest, the NewMed Group's royalty expense will increase considerably due to the higher applicable royalty rate.

The term "**Investment Recovery Date**" shall mean the date on which the (Net) Value of the Revenues (as defined below), that the NewMed Group received or is entitled to receive for the petroleum produced and utilised from the area of the asset, calculated in US dollars, shall reach the sum equal to the Value of All of the NewMed Group's Expenses (as defined below) on that asset, calculated in US dollars.

The term “**(Net) Value of the Revenues**” shall mean the value of all of the revenues, as certified by auditors of NewMed, for petroleum produced and utilised from the area of the asset (the “**(Gross) Value of the Revenues**”), after deduction of all of the expenses for the production thereof and the royalties paid therefor.

The term “**Value of All of the NewCo Group’s Expenses**” shall mean all of the expenses that the NewMed Group incurred on the asset, from which the petroleum was produced and utilised, except for expenses (up to the (Net) Value of the Revenues) that were deducted from the (Gross) Value of the Revenues for determining the sum of the (Net) Value of all of the Revenues and as shall be certified by the NewMed Group’s auditors.

Overriding Royalties are calculated on the market value of the gas at the wellhead. The Effective Rate of the Overriding Royalties rates of the NewMed Group’s working interest in the Leviathan Field and Aphrodite Field, assuming 11.5 per cent. Effective Rates of the State Royalties is 4.14 per cent. (i.e. 4.5 per cent. * 11.5 per cent. / 12.5 per cent.) before the Investment Recovery Date and 8.74 per cent. (i.e. 9.5 per cent. * 11.5 per cent. / 12.5 per cent.) after the Investment Recovery Date. For further information, see paragraph 3(C)(ii) of Part VI (*Information on the NewMed Group*).

With respect to the calculation of the “**Investment Recovery Date**” for the Tamar Project, there is currently a dispute between the NewMed Group’s supervisor (who under Israeli corporate law is an independent fiduciary acting for the benefit of the minority participation NewMed Unitholders), the NewMed Group and Delek Group and Delek Energy, regarding the expenses that should be taken into account as part of the “*Value of All of the NewMed Group’s Expenses*,” and in particular whether financing expenses and the levy that will be paid by the NewMed Group under the Taxation of Profits from Natural Resources Law should be included in the calculation.

See paragraph 9.2(E) of Part XVIII (*Additional Information*) for further information.

(iii) Gas profits levy

The Taxation of Profits from Natural Resources Law, enacted in April 2011, imposes a progressive Natural Resources Levy on petroleum and gas profits. The rate of the levy to be paid is calculated based on an “R-factor” (a ratio between the net aggregate revenues from customers from a project and the aggregate investments in the project as defined in the Taxation of Profits from Natural Resources Law), with a minimum levy of zero per cent. if the R-factor is lower than 1.5, 20 per cent. applied once the R-factor reaches 1.5, progressively increasing up to a maximum levy rate of 46.8 per cent. (based on the Israeli corporate tax rate in 2022) when the R-factor reaches 2.3. The maximum rate of the levy is 50 per cent. minus the product of 0.64 and the difference between the corporate tax rate set forth in Section 126 of the Income Tax Ordinance, 5721-1961 (in respect of each tax year) and the 18 per cent. tax rate. According to the corporate tax rate in 2021, the maximum rate is 46.8 per cent.. The law applies different coefficients to determine the level of levy depending on whether the commercial production started before 1 January 2014 or after. Accordingly, as cumulative profits from the Leviathan Field increase, the levy payable will increase (assuming no further qualifying investment spending, such as the prospective Leviathan Phase 1B development). For additional information, see paragraph 3(C)(vii) of Part X (*Operating and Financial Review Relating to the NewMed Group*) below.

The levy will be calculated and imposed on each reservoir separately. It will be recognised as an expense for the purpose of calculation of income tax. According to the Taxation of Profits and Natural Resources Law, the holder of the petroleum right will be given fixed annual accelerated depreciation on a deductible asset.

(H) Fair value measurement of financial assets

The NewMed Group has recognised significant amounts of income from the revaluation to fair value of its royalty receivables and annual instalments deriving from the sale of its rights in the Karish and Tanin Fields. Income of US\$50.9 million was recognised for the nine months ended 30 September 2022 and US\$26.4 million, US\$82.7 million and US\$57.3 million was recognised for the years ended 31 December 2021, 2020 and 2019, respectively, based on the revaluation of royalty receivables and annual instalments from the Energean Contingent Consideration, from Karish and Tanin.

The NewMed Group recognised the value of these assets at fair value, and changes in fair value were recognised as a gain or loss in income in the total comprehensive income from continued operations statement. Developments at the Karish and Tanin assets, the passage of time, Brent prices and the relevant discount rate affect the fair value of the royalty receivable. For example, the income of US\$26.4 million for the year ended 31 December 2021 derives mainly from the passage of time, Brent prices and the relevant discount rate. For further information regarding the main parameters used to value the right to receive royalties and annual instalments see Note 22.1 to the NewMed Financial Statements.

(I) Income tax

In September 2021, an amendment to the Income Tax Regulations (Rules for the Calculation of Tax due to the Holding and Selling of participation units in an Oil Exploration Partnership), 5749-1988, was published in the Official Gazette. Under these rules, for the tax year 2022, the tax regime that applies to NewMed would change and it would be taxed as a company with respect to its taxable income. As a result of this change, for the tax year 2022, holders of Participation Units are subject to a tax regime that applies to profit distributions by NewMed, which is similar to the taxation imposed on shareholders of a company for dividend distributions (i.e. according to the two-stage method). As a result of the aforesaid amendment, the NewMed Group has recognised deferred income taxes since 30 September 2021 and since 1 January 2022 current income tax going forward. Tax expense of US\$110.3 million was recognised for the nine months ended 30 September 2022 and US\$207.8 million was recognised for the year ended 31 December 2021.

3. Results of Operations

(A) Overview

The table below sets forth the results of operations derived from the NewMed Financial Statements for the periods indicated and should be read in conjunction with, and is qualified in its entirety by reference to, the NewMed Financial Statements and notes thereto, which are included elsewhere in this document.

	Nine months ended 30 September		Year ended 31 December		
	2022	2021 ⁽¹⁾	2021 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽¹⁾
	(audited)	(unaudited)	(audited)	(audited)	(audited)
	(US dollars in millions, unless otherwise indicated)				
Continuing operations					
Sales from contracts with customers	855.7	681.3	882.5	587.1	4.1
Royalties	(130.9)	(101.7)	(128.7)	(86.3)	(0.8)
Revenue	724.8	579.6	753.8	500.8	3.3
Cost of sales	(189.4)	(152.0)	(231.5)	(169.1)	(25.0)
Gross profit/(loss)	535.4	427.6	522.3	331.7	(21.7)
Exploration and evaluation expenses	(3.2)	(2.5)	(4.2)	(3.4)	(14.5)
Impairment of exploration and evaluation assets	(14.6)	-	-	-	-
General and administrative expenses	(11.9)	(11.9)	(17.2)	(14.6)	(11.1)
Levy	-	-	-	-	4.6
Share of loss of an associate	(3.4)	(3.7)	(4.5)	(7.7)	*
Operating profit/(loss)	502.3	409.5	496.3	306.0	(42.7)
Gain on financial assets at fair value through profit or loss	50.9	24.9	26.4	82.7	57.3
Finance income	4.4	4.6	5.0	5.3	11.8
Finance costs	(112.6)	(153.3)	(211.3)	(231.8)	(44.7)
Profit/(loss) before tax from continuing operations	445.0	285.7	316.4	162.2	(18.3)
Income tax expense	(110.3)	(216.3)	(207.8)	-	-
Profit/(loss) from continuing operations	334.7	69.4	108.6	162.2	(18.3)

	Nine months ended 30 September		Year ended 31 December		
	2022	2021 ⁽¹⁾	2021 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽¹⁾
	(audited)	(unaudited)	(audited)	(audited)	(audited)
(US dollars in millions, unless otherwise indicated)					
Discontinued operations					
Profit/(loss) from discontinued operations	(10.8)	117.6	151.7	203.1	242.1
Gain on sale of oil and gas properties	4.3	-	144.6	-	-
Total profit/(loss) from discontinued operations	(6.5)	117.6	296.3	203.1	242.1
Profit for the period	328.2	187.0	404.9	365.3	223.8
Basic and diluted earnings/(losses) per Unit (\$ per Unit)					
Continuing operations	0.285	0.059	0.093	0.138	(0.016)
Discontinued operations	(0.005)	0.100	0.252	0.173	0.206
Net earnings per unit	0.280	0.159	0.345	0.311	0.190

* Less than one hundred thousand US dollars.

(1) In December 2021, the NewMed Group completed the sale of its interests in the Tamar Project. The results of operations from the Tamar Project (which constituted substantially all of the NewMed Group's revenue in 2019) for the nine months ended 30 September 2021 and for the years 2021, 2020 and 2019 are presented as discontinued operations.

(B) Statement of Comprehensive Income

	Nine months ended 30 September		Year ended 31 December		
	2022	2021 ⁽¹⁾	2021 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽¹⁾
	(audited)	(unaudited)	(audited)	(audited)	(audited)
(US dollars in millions, unless otherwise indicated)					
Profit for the Period	328.2	187.0	404.9	365.3	223.8
Other comprehensive income/(loss) from continuing operations:					
Amounts which may subsequently be reclassified to profit or loss:					
Loss on cash flow hedges	-	-	-	(4.7)	(5.1)
Reclassification to profit or loss of cash flow hedges reserve	-	-	-	7.4	(1.8)
Other comprehensive income/(loss) from continuing operations	-	-	-	2.7	(6.9)
Discontinued operations					
Other comprehensive income/(loss) from discontinued operations:					
Amounts which shall not subsequently be reclassified to profit or loss:					
Income/(loss) from investment in equity instruments designated for measurement at fair value through other comprehensive income	-	13.6	13.6	(29.3)	(41.3)
Other comprehensive income/(loss) from discontinued operations	-	13.6	13.6	(29.3)	(41.3)

	Nine months ended 30 September		Year ended 31 December		
	2022	2021 ⁽¹⁾	2021 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽¹⁾
	(audited)	(unaudited)	(audited)	(audited)	(audited)
	(US dollars in millions, unless otherwise indicated)				
Total comprehensive income/(loss) after tax from continued operations	334.7	69.4	108.6	164.9	(25.2)
Total comprehensive income/(loss) after tax from discontinued operations	(6.5)	131.2	309.9	173.8	200.8
Total comprehensive income	328.2	200.6	418.5	338.7	175.6

* Less than one hundred thousand US dollars.

- (1) In December 2021, the NewMed Group completed the sale of its interests in the Tamar Project. The results of operations from the Tamar Project (which constituted substantially all of the NewMed Group's revenue in 2019) for the nine months ended 30 September 2021 and for the years 2021, 2020 and 2019 are presented as discontinued operations.

(C) Description of Key Income Statement Items

The following section presents key income statement line items derived from the NewMed Financial Statements.

(i) Sales from contracts with customers.

Sales from contracts with customers are recognised in profit or loss when (i) the control of an asset is transferred to a customer or (ii) when service is provided to a customer. Revenue is recognised in profit or loss up to the extent (i) the NewMed Group expects to receive the economic effects, and (ii) such revenue and associated costs, if applicable, may be reliably measured. Revenue is measured and recognised according to the fair value of the consideration which the NewMed Group expects to be entitled to.

(ii) Royalties.

Royalties consist of the State Royalties due to the State of Israel and the Overriding Royalties due to third parties and related parties. The royalties are based on the amount of petroleum produced and utilised from NewMed's oil and gas assets.

The wellhead rate taken into account in the NewMed Financial Statements of the State Royalties related to the NewMed Group's oil and gas assets for the period ended 30 September 2022 is approximately 10.96 per cent. in the Leviathan Project.

The Leviathan Interest is subject to contractual royalty obligations payable to the Royalty Holders (including a subsidiary of the Delek Group and certain third parties), at rates which are specified in the Royalties Agreements, of the Petroleum produced and utilised from the area of the Leviathan Leases in respect of the Leviathan Interest. The Aphrodite Interest will be subject to similar contractual royalties if and when production commences at Aphrodite. As at the Latest Practicable Date, based on calculations made by the NewMed Group, the NewMed Group paid the Royalty Holders the Overriding Royalties at the rate of approximately 4.05 per cent. for the Leviathan Project for the year ended 31 December 2021. There is currently a dispute between the NewMed Group, Delek and the NewMed Group's Supervisor regarding the royalties payment with respect to the calculation of royalties from the Tamar Project, which could have an impact on the Leviathan Interest, as well as result in a cash outflow in respect of the Tamar Project royalty obligations. For additional details, see paragraph 18 of the section in this document entitled "Risk Factors" and paragraph 9.2(E) of Part XVII (*Additional Information*).

The wellhead rate taken into account in the NewMed Financial Statements of the Overriding Royalties for the year ended 31 December 2021 is approximately 3.9 per cent. in the Leviathan Project.

For additional details relating to the State Royalties and Overriding Royalties, see paragraph 3(C)(ii) of Part VI (*Information on the NewMed Group*) and Note 15 to the NewMed Financial Statements.

(iii) *Cost of sales*

Cost of sales mainly includes management and operating expenses in the Leviathan Project which include, *inter alia*, expenses of haulage and transport, salaries, consulting, maintenance, insurance and transport of natural gas to Egypt.

(iv) *Exploration and evaluation expenses*

Exploration and evaluation expenses primarily consist of, inter alia, expenses of geologists, engineers and consulting, as well as general and administrative expenses of various projects which are not in the production stage.

(v) *Impairment of exploration and evaluation assets*

The impairment of exploration and evaluation assets is recognised at the amount by which the carrying value of an asset exceeds its recoverable amount, which equals such asset's fair value less costs of disposal or value-in-use, whichever is higher.

(vi) *General and administrative expenses*

General and administrative expenses include, *inter alia*, expenses for professional services and payroll expenses, and management fees for the General Partner.

(vii) *Levy*

Levy primarily derives from the update of the provision for the oil and gas profit levy filed in previous years for the Yam Tethys Project.

(viii) *Share of loss of an associate*

Includes share in the profit or losses of a company accounted for at equity, EMED Pipeline B.V. ("**EMED**"), which holds 39 per cent. of the shares of Eastern Mediterranean Gas Company S.A.E ("**EMG**").

(ix) *Finance income*

Finance income primarily derives from the revaluation of royalty receivables in the Karish and Tanin leases and from a loan to Energean in the context of the sale of the NewMed Group's interests in the Karish and Tanin leases.

(x) *Finance costs*

Financial costs primarily derive from interest in respect of bonds and liabilities to banking corporations.

(xi) Income tax expense

Income tax expense primarily arises from the NewMed Group's obligation to pay corporate income tax to the State of Israel, and consists of current and deferred taxes. The current tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years. Deferred taxes expenses are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

(D) Results of Operations for the Nine Months Ended 30 September 2022 and 2021

(i) Sales from contracts with customers (continuing operations)

Sales from contracts with customers increased from US\$681.3 million for the nine months ended 30 September 2021 to US\$855.7 million for the nine months ended 30 September 2022, or by 25.6 per cent. The increase was principally as a result of (i) the increase in the export price of gas, which is linked, in part, to the Brent price, and (ii) an increase in the natural gas quantities sold to Egypt from the Leviathan Field at an export price that is on average higher relative to the domestic price.

(ii) Royalties (continuing operations)

Royalties from continuing operations increased from US\$101.7 million for the nine months ended 30 September 2021 to US\$130.9 million for the nine months ended 30 September 2022, or by 28.7 per cent., of which US\$96.6 million related to the State Royalties and US\$34.3 million related to Overriding Royalties. The increase was principally as a result of the increase in sales as described above.

(iii) Revenue (continuing operations)

Revenue from continuing operations increased from US\$579.6 million for the nine months 30 September 2021 to US\$724.8 million for the nine months ended 30 September 2022, or by 25.0 per cent., principally as a result of the increase in sales as described above.

(iv) Cost of sales (continuing operations)

Cost of sales from continuing operations increased from US\$152.0 million for the nine months ended 30 September 2021 to US\$189.4 million for the nine months ended 30 September 2022, or by 24.6 per cent., principally as a result of (i) an increase in gas transportation and transmission costs to Egypt that resulted from the increase in gas quantities sold to Egypt and (ii) increase of depreciation, depletion and amortisation expenses due to the update of decommissioning cost of Yam Tethys Project. The increases were partly offset by a decrease in maintenance cost.

The cost of sales in the nine months ended 30 September 2022 mainly included depreciation, depletion and amortisation of US\$89.8 million, costs for transmission and transportation of US\$38.8 million, salaries and social benefits of US\$12.1 million, operation management and operator fees of US\$11.2 million, maintenance expenses of US\$9.5 million, insurance expenses of US\$13.1 million and other expenses of US\$14.9 million.

(v) Exploration and evaluation expenses (continuing operations)

Exploration and evaluation expenses from continuing operations increased from US\$2.5 million for the nine months ended 30 September 2021 to US\$3.2 million for the nine months ended 30 September 2022, or by 28.0 per cent.

(vi) General and administrative expenses (continuing operations)

General and administrative expenses from continuing operations remained stable at US\$11.9 million for the nine months ended 30 September 2021 and for the nine months ended 30 September 2022 respectively.

(vii) Share of loss of an associate (continuing operations)

Share of loss of an associate from continuing operations decreased from losses of US\$3.7 million for the nine months ended 30 September 2021 to losses of US\$3.4 million for the nine months ended 30 September 2022. The decrease derived mainly from the increase in transportation fees from the EMG pipeline due to an increase in the natural gas quantities sold to Egypt.

(viii) Finance income (continuing operations)

Finance income from continuing operations increased from US\$29.5 million for the nine months ended 30 September 2021 to US\$55.3 million for the nine months ended 30 September 2022, or by 87.4 per cent. The increase was principally as a result of revaluation of royalties and debt receivable in respect of the Karish and Tanin Leases in the sum of approximately US\$51 million, as compared to approximately US\$20 million for the nine months ended 30 September 2021.

(ix) Finance costs (continuing operations)

Finance costs from continuing operations decreased from US\$153.3 million for the nine months ended 30 September 2021 to US\$112.6 million for the nine months ended 30 September 2022, or by 26.5 per cent. The decrease was principally as a result of the full repayment, in December 2021, of the Tamar Bonds, following the sale of NewMed's holdings in the Tamar Project and the final repayment of the Series A Bonds.

(x) Income tax expense (continuing operations)

Income tax expense from continuing operations decreased from US\$216.3 million for the nine months ended 30 September 2021 to US\$110.3 million for the nine months ended 30 September 2022, or by 49.0 per cent. The decrease was principally as a result of the recognition of a deferred tax liability for the first time in the nine months ended 30 September 2021, following an amendment to the Income Tax Regulations in September 2021.

(xi) Profit from continuing operations

As a result of the foregoing, the NewMed Group had profit from continuing operations of US\$69.4 million for the nine months ended 30 September 2021, compared to profit from continuing operations of US\$334.7 million for the nine months ended 30 September 2022.

(xii) Total profit/(loss) from discontinued operations

Total profit/(loss) from discontinued operations in the nine months ended 30 September 2022 totalled a loss of approximately US\$6.5 million, compared with a profit of approximately US\$117.6 million for the nine months ended 30 September 2021, primarily due to the NewMed Group's holdings in the Tamar Project, which were sold in December 2021. In the nine months ended 30 September 2022, the loss was primarily as a result of an update to provision of overriding royalties payable and oil and gas profit levy in respect of the Tamar Project. Net income/(loss) from discontinued operations in the nine months ended 30 September 2022 totalled a loss of approximately US\$10.8 million, compared with income of approximately US\$117.6 million in the nine months ended 30 September 2021.

(xiii) Total profit

As a result of the foregoing, the NewMed Group had total profit of US\$187.0 million for the nine months ended 30 September 2021, compared to total profit of US\$328.2 million for the nine months ended 30 September 2022.

(E) Results of Operations for the Years Ended 31 December 2021 and 2020

(i) Sales from contracts with customers (continuing operations)

Sales from contracts with customers from continuing operations increased from US\$587.1 million for the year ended 31 December 2020 to US\$882.5 million for the year ended 31 December 2021, or by 50.2 per cent. The increase was mainly due to the increase in the natural gas quantities sold from the Leviathan Field (on a 100 per cent. basis), from a quantity of approximately 7.3 BCM in the year ended 31 December 2020 to a quantity of approximately 10.7 BCM in the year ended 31 December 2021 (on a 100 per cent. basis). Sales of the total quantity of natural gas sold by the NewMed Group for the year ended 31 December 2021 amounted to approximately 4.9 BCM compared to approximately 3.3 BCM for year ended 31 December 2020 (attributable basis).

(ii) Royalties (continuing operations)

Royalties from continuing operations increased from US\$86.3 million for the year ended 31 December 2020 to US\$128.7 million for the year ended 31 December 2021, or by 49.1 per cent., of which US\$94.7 million related to the State Royalties and US\$34.0 million related to Overriding Royalties. The increase was primarily due to increased natural gas sales.

(iii) Revenue (continuing operations)

Revenue from continuing operations increased from US\$500.8 million for the year ended 31 December 2020 to US\$753.8 million for the year ended 31 December 2021, or by 50.5 per cent., primarily due to the increase in sales as described above.

By geography, revenue of US\$319.5 million was recognised in the domestic market (Israel) and US\$563.0 million in the regional market (Egypt and Jordan) in the year ended 31 December 2021, compared to US\$263.5 million and US\$323.6 million, respectively, in the year ended 31 December 2020.

(iv) Cost of sales (continuing operations)

Cost of sales from continuing operations increased from US\$169.1 million for the year ended 31 December 2020 to US\$231.5 million for the year ended 31 December 2021, or by 36.9 per cent. The increased cost of sales in the year ended 31 December 2021 compared to the year ended 31 December 2020 was principally due to the increase in natural gas sales and the transmission costs due thereto and from an increase in the environmental and maintenance expenses.

(v) Exploration and evaluation expenses (continuing operations)

Exploration and evaluation expenses from continuing operations increased from US\$3.4 million for the year ended 31 December 2020 to US\$4.2 million for the year ended 31 December 2021, or by 23.5 per cent. The increase was mainly due to the disposal of exploration inventory.

(vi) General and administrative expenses (continuing operations)

General and administrative expenses from continuing operations increased from US\$14.6 million for the year ended 31 December 2020 to US\$17.2 million for the year ended 31 December 2021, an increase of 17.8 per cent. The increase was principally due to an increase in D&O insurance expenses and from an increase in expenses of an agreement for provision of management services to the General Partner by Delek Group, including director services through the directors also holding office as officers of Delek Group.

(vii) Share of loss of an associate (continuing operations)

Share of loss of an associate decreased from US\$7.7 million for the year ended 31 December 2020 to US\$4.5 million for the year ended 31 December 2021, or by 41.7 per cent. This primarily derived from the NewMed Group's equity accounting for EMED Pipeline B.V.

(viii) Finance income (continuing operations)

Finance income from continuing operations decreased from US\$88.0 million for the year ended 31 December 2020 to US\$31.4 million for the year ended 31 December 2021, or by 64.3 per cent. The decrease mainly derived from the revaluation of royalties receivables from the Karish and Tanin leases and from a loan to Energean in the framework of the sale of the NewMed Group's interests in the Karish and Tanin leases, totalling US\$26.4 million in the year ended 31 December 2021 (2020: US\$82.7 million).

(ix) Finance costs (continuing operations)

Finance costs from continuing operations decreased from US\$231.8 million for the year ended 31 December 2020 to US\$211.3 million for the year ended 31 December 2021, or by 8.9 per cent. The decrease was primarily as a result of the offering of Leviathan Bonds concurrently with repayment of the liabilities to banking corporations in connection with the Leviathan Project and from repayment of the Tamar Bonds in the sum of US\$320 million in December 2020, resulting in lower interest expenses. In the year ended 31 December 2021, financial expenses primarily derived from bond interest in the sum of US\$207.7 million (US\$122.3 million for the year ended 31 December 2020), while financial expenses also derived from interest from liabilities to banking corporations in the sum of US\$99.4 million in the year ended 31 December 2020.

(x) Income tax expense (continuing operations)

In the year ended 31 December 2021, income tax expense from continuing operations was recognised for the first time and totalled US\$207.8 million following an amendment to the Income Tax Regulations "Rules for the Calculation of Tax due to the Holding and Sale of Participation Units in Oil Exploration Partnerships".

For further information, see Note 9 to the NewMed Financial Statements.

(xi) Profit from continuing operations

As a result of the foregoing, the NewMed Group had a profit from continuing operations of US\$162.2 million for the year ended 31 December 2020, compared to a profit from continuing operations of US\$108.6 million for the year ended 31 December 2021.

(xii) Total profit from discontinued operations

Total profit from discontinued operations increased from US\$203.1 million for the year ended 31 December 2020 to US\$296.3 million for the year ended 31 December 2021, or by 45.9 per cent. The increase was principally due to profit from the sale of natural gas and oil assets of US\$144.6 million recorded in the year ended 31 December 2021 and relating to the sale of the participation interests in the Tamar Project in the amount of US\$969 million net of the costs of the assets and liabilities transferred to the buyer and transaction costs of approximately US\$820 million, which was partially offset by a decrease in profit from discontinued operations from US\$203.1 million in the year ended 31 December 2020 to US\$151.7 million in the year ended 31 December 2021, mainly derived from a decrease in revenues from the sale of natural gas and condensate from the Tamar Project and from payment of the oil and gas profit levy in the Tamar Project, which was partially offset by non-recording of depreciation, depletion and amortisation expenses for the period commencing 1 April to 30 November of the year ended 31 December 2021 due to the classification of the participation

in the Tamar Project as discontinued operations. In the year ended 31 December 2021 until the sale of the participation interests in the Tamar Project in December 2021, approximately 7.8 BCM were sold from the Tamar Field, compared to approximately 8.2 BCM in the year ended 31 December 2020 (100 per cent. basis).

(xiii) Total profit

As a result of the foregoing, the NewMed Group had total profit of US\$365.3 million for the year ended 31 December 2020, compared to total profit of US\$404.9 million for the year ended 31 December 2021.

(F) Results of Operations for the Years Ended 31 December 2020 and 2019

(i) Sales from contracts with customers (continuing operations)

Sales from contracts with customers increased from US\$4.1 million for the year ended 31 December 2019 to US\$587.1 million for the year ended 31 December 2020. The increase was principally a result of the commencement of production from the Leviathan Field on 31 December 2019 and the related commencement of sales to the markets in Israel, Jordan and Egypt.

(ii) Royalties (continuing operations)

Royalties from continuing operations increased from US\$0.8 million for the year ended 31 December 2019 to US\$86.3 million for the year ended 31 December 2020, of which US\$63.5 million related to the State Royalties and US\$22.8 million related to Overriding Royalties. The increase was principally a result of the commencement of production from the Leviathan Field on 31 December 2019.

(iii) Revenue (continuing operations)

Revenue from continuing operations increased from US\$3.3 million for the year ended 31 December 2019 to US\$500.8 million for the year ended 31 December 2020, and the increase was principally a result of the commencement of production from the Leviathan Field on 31 December 2019 and related sales to the markets in Israel, Jordan and Egypt.

Sales of the total quantity of natural gas sold by the NewMed Group for the year ended 31 December 2020 amounted to approximately 3.3 BCM.

By geography, revenue of US\$263.5 million was recognised in the domestic market (Israel) and US\$323.6 million in the regional market (Egypt and Jordan) in the year ended 31 December 2020.

(iv) Cost of sales (continuing operations)

Cost of sales from continuing operations increased from US\$25.0 million for the year ended 31 December 2019 to US\$169.1 million for the year ended 31 December 2020, principally as a result of the commencement of production at the Leviathan Field.

(v) Exploration and evaluation expenses (continuing operations)

Exploration and evaluation expenses from continuing operations decreased from US\$14.5 million for the year ended 31 December 2019 to US\$3.4 million for the year ended 31 December 2020, or by 76.6 per cent. The decrease was primarily due to Leviathan operator management and administrative cost, which was allocated to cost of sale since the commencement of production from the Leviathan Field on 31 December 2019.

(vi) General and administrative expenses (continuing operations)

General and administrative expenses from continuing operations increased from US\$11.1 million for the year ended 31 December 2019 to US\$14.6 million for the year ended 31 December 2020, an increase of approximately 31.5 per cent. The increase was principally due to an increase in professional services expenses and an increase in the NewMed Group's director and officer insurance expenses.

(vii) Levy (continuing operations)

Levy from continuing operations resulted in income of US\$4.6 million for the year ended 31 December 2019. The income for the year ended 31 December 2019 derived from the update of the provision for the oil and gas profit levy according to levy reports filed in previous years for the Yam Tethys Project.

(viii) Share of loss of an associate

Share of loss from an associate from continuing operations increased from US\$5,000 for the year ended 31 December 2019 to US\$7.7 million for the year ended 31 December 2020. The loss for the year ended 31 December 2020 derived from the NewMed Group equity accounting for EMED that started its operation in 2020.

(ix) Finance income (and gain on financial assets at fair value through profit or loss)

Finance income from continuing operations increased from US\$69.1 million for the year ended 31 December 2019 to US\$88.0 million for the year ended 31 December 2020, or by 27.3 per cent. The increase was principally due to the revaluation of royalties receivable from the Karish and Tanin leases and from a loan to Energean in the context of the sale of the NewMed Group's interests in the Karish and Tanin leases in the sum of approximately US\$83 million, compared with approximately US\$57 million in 2019.

(x) Finance costs (continuing operations)

Finance costs from continuing operations increased from US\$44.7 million for the year ended 31 December 2019 to US\$231.8 million for the year ended 31 December 2020. The increase was principally due to the discontinuation of capitalisation of the credit costs for the Leviathan Project upon completion of the construction stage and the commencement of gas production from the project, and from depreciation of the remainder of the balance of the cost of raising debt that was prepaid, including LIBOR interest-hedging expenses.

(xi) Profit/(loss) from continuing operations

As a result of the foregoing, the NewMed Group had loss from continuing operations of US\$18.3 million for the year ended 31 December 2019, compared to total profit of US\$162.2 million for the year ended 31 December 2020.

(xii) Total profit from discontinued operations

Total profit from discontinued operations decreased from US\$242.1 million for the year ended 31 December 2019 to US\$203.1 million for the year ended 31 December 2020, or by 16.1 per cent. The decrease mainly derived from a decrease in revenues from the sale of natural gas and condensate from the Tamar Project and from payment of the oil and gas profit levy in the Tamar Project for the first time in 2020. In the year ended 31 December 2020, approximately 8.2 BCM were sold from the Tamar Field, compared to approximately 10.4 BCM in the year ended 31 December 2019 (100 per cent. basis).

(xiii) Total profit

As a result of the foregoing, the NewMed Group had total profit of US\$223.8 million for the year ended 31 December 2019, compared to total profit of US\$365.3 million for the year ended 31 December 2020.

(xiv) Total comprehensive income for the period (continuing operations)

As a result of the foregoing, total comprehensive loss from continuing operations was US\$25.2 million for the year ended 31 December 2019, compared to a comprehensive income of US\$164.9 million for the year ended 31 December 2020.

The NewMed Financial Statements for the years ended 31 December 2019 and 2020 do not reflect any tax since the tax liability on the NewMed Group's profits applied to the partners in the NewMed Group.

4. Capitalisation and Indebtedness

The tables below set out the NewMed Group's capitalisation and indebtedness as at 30 November 2022. The capitalisation and indebtedness of the NewMed Group, as at 30 November 2022, has been derived without material adjustment from the NewMed Group's unaudited accounting records.

This statement of capitalisation and indebtedness has been prepared on a basis consistent with the accounting policies used in preparing the NewMed Group's financial information for the nine months ended 30 September 2022 as set forth in this Part X (*Operating and Financial Review Relating to the NewMed Group*) of this documents.

The tables below do not reflect the effect of the Combination, and the following tables should be read together with the rest of this Part IX (*Operating and Financial Review Relating to the NewMed Group*), Part XIII (*Unaudited Pro Forma Financial Information*) and Part XII (*Historical Financial Information Relating to the NewMed Group*).

Capitalisation

As at 30 November 2022 US\$m
(unaudited)

Current debt (including current portion of non-current debt):

Guaranteed	-
Secured ⁽ⁱ⁾	440.2
Unguaranteed/Unsecured	-
Total current debt:	440.2

Non-current debt (excluding current portion of non-current debt):

Guaranteed	-
Secured ⁽ⁱ⁾	1,729.2
Unguaranteed/Unsecured	-
Total non-current debt⁽ⁱⁱ⁾:	1,729.2

Unitholder equity	
Issued unit capital	(154.8)
Other reserves ⁽ⁱⁱⁱ⁾	30.1
Total unitholder equity^(iv) (excluding retained earnings)	(124.7)
Total capitalisation	2,044.7

(i) Secured debt includes the Leviathan Bonds with interest rates ranging from 5.75% to 6.75% and maturity dates ranging from June 2023 to June 2030.

(ii) Non-current financial debt excludes financial instruments and the current portion of financial debt. Non-current financial debt also includes financial liabilities relating to long-term leases, to the value of US\$2.8 million.

(iii) Other reserves consist of fair value reserves of (US\$57.0 million) for financial assets held at fair value through other comprehensive income in relation to the NewMed Group's investment in Tamar Petroleum Ltd, and other capital reserves of US\$26.9 million relating to capital contributions from the NewMed Group's General Partner.

(iv) Total unitholder equity excludes retained earnings.

There has been no material change to the NewMed Group's total capitalisation since 30 November 2022.

The following table sets forth the net financial indebtedness of the NewMed Group as at 30 November 2022, which has been derived without material adjustment from the NewMed Group's unaudited accounting records:

Statement of indebtedness

	As at 30 November 2022 US\$m (unaudited)
A Cash	10.0
B Cash equivalents ⁽ⁱ⁾	16.8
C Other current financial assets	-
D Liquidity (A+B+C)	26.8
E Current financial debt ⁽ⁱⁱ⁾	(58.8)
F Current portion of non-current financial debt	(440.2)
G Current financial indebtedness (E+F)	(499.0)
H Net current financial indebtedness (G-D)	(472.2)
I Non-current financial debt ⁽ⁱⁱⁱ⁾	(1,732.0)
J Debt Instruments	-
K Non-current trade and other payables	-
L Non-current financial indebtedness (I+J+K)	(1,732.0)
M Total financial indebtedness (H+L)	(2,204.2)

(i) Cash equivalents consist of short-term deposits and are restricted from access for a period of up to 3 months.

(ii) Current financial debt includes interest payable on the Leviathan Bonds and excludes the current portion of non-current financial debt, and also includes the current portion of financial liability relating to a long-term lease, to the value of US\$0.4 million.

(iii) Non-current financial debt excludes financial instruments and the current portion of financial debt. This balance includes the NewMed Group's interest-bearing Leviathan Bonds with interest rates ranging from 5.75% to 6.75% and maturity dates ranging from June 2023 to June 2030. Non-current financial debt also includes financial liability relating to a long-term lease, to the value of US\$2.8 million.

(iv) NewMed Group's provision amounts in respect of future decommissioning obligations are excluded from the indebtedness table above and those contingent provision remain unchanged since 30 September 2022.

There has been no material change in the NewMed Group's net financial indebtedness since 30 November 2022.

In addition to the above indebtedness, the NewMed Group has the following additional items:

- Contingent obligations in relation to a number of ongoing legal, tax and levy disputes, with an estimated aggregate exposure of US\$850.1 million. These are contingent upon the outcome of certain legal cases. Further details regarding these disputes can be found within Note 26.3 of Part XII (*Historical Financial Information Relating to the NewMed Group*).

- Capital commitments totalling US\$92.6 million, in relation to the NewMed Group's interest in joint ventures. Further details regarding capital commitments can be found within Notes 26.1 and 26.2 of Part XII (*Historical Financial Information Relating to the NewMed Group*).
- Guarantees with an aggregate value of US\$135.3 million. No payments are currently expected to be made under these guarantees. Further details regarding guarantees provided by the group can be found within Note 26.4 of Part XII (*Historical Financial Information Relating to the NewMed Group*).

5. Liquidity and Capital Resources

(A) Liquidity

In the periods under review, the NewMed Group's sources of liquidity principally included cash flow from sales of gas from the Tamar Project until its sale and the Leviathan Project since the start of 2020, loan financing relating to the construction of the Leviathan Project, and the refinancing of such borrowings through the issuance of the Leviathan Bonds in mid-2020, and the proceeds from the sale of the Tamar Project. See paragraph 5(D) of Part X (*Operating and Financial Review Relating to the NewMed Group*) below and Note 17 to the NewMed Financial Statements for additional information regarding the NewMed Group's current external financing. In connection with the sale of the Tamar Project, the amounts outstanding under the Tamar Bonds and Series A Notes were repaid in full, in each case as required under the contracts governing such bonds.

(B) Capital Expenditure

The NewMed Group's capital expenditure has in the past consisted of (i) investments in oil and gas properties, (ii) investments in exploration and evaluation, (iii) investments in intangible assets, and (iv) the decommissioning of the Yam Tethys Project, in the statement of cash flows in the NewMed Financial Statements, in particular the Tamar Project and the Leviathan Project. Following the divestment of the Tamar Project, the NewMed Group expects that meeting certain investment commitments for the developments of Phase 1B of the Leviathan Field and the Aphrodite Field, if developments are pursued, will require significant capital expenditure. See paragraph 5.3(B)(xv) of Part VI (*Information on the NewMed Group*) for a discussion of how capital investment decisions are made pursuant to the Leviathan JOA and each Leviathan Partner's obligations in respect of such investment programmes. Additionally, in the future, the NewMed Group and its partners in the NewMed Oil and Gas Assets may decide to develop, expand or improve their projects. In the event a decision is made to undertake any of these activities, additional capital or financing, including through future private or public debt offerings or otherwise, may be required.

Capital expenditure, based on the statement of cash flow in the NewMed Financial Statements, totalled US\$726.6 million, US\$150.7 million and US\$66.4 million for the years ended 31 December 2019, 2020 and 2021, respectively, and US\$93.7 million for the nine months ending 30 September 2022. Of these amounts, US\$593.1 million, US\$142.1 million, US\$22.3 million and US\$60.4 million, respectively, for each of the periods noted above, related directly to the development of the Leviathan Project and includes borrowing costs and NewMed's direct costs.

As at the Latest Practicable Date, the aggregate future investments for which all of the Leviathan Partners have already made firm commitments amount to approximately US\$196.1 million.⁶² The NewMed Group's capital expenditures in respect of the Leviathan Field for 2022 was at approximately US\$122.8 million and expected capital expenditures for 2023 is estimated, based on approved budgets, at approximately US\$77 million. In connection with extracting proved and probable reserves at the Leviathan Project, according to the Leviathan Field Resources Consultant's Report, no major capital investments are needed or were assumed, beyond abandonment costs that will be incurred in the final years of the Leviathan Project. To recover volumes classified as contingent resources, i.e. beyond volumes classified as reserves, additional costs and capital are assumed, including those associated with additional production wells and subsea installations, to support forecasted production levels.

⁶² Excluding Phase 1A exploration and development unutilised budgets

(C) Contractual and Certain Other Future Obligations

The table below summarises the NewMed Group's anticipated contractual maturities of the financial liabilities subsequent to the statement of financial position, based on the interest rates and exchange rates as at the date of the statement of financial position.

	As at 30 September 2022 (audited)			As at 31 December 2021 (audited)		
	Trade and other payables	Bonds	Total	Trade and other payables	Bonds	Total
	(US dollars in millions)					
Due in up to three months	117.7	69.8	187.5	5.5	—	5.5
Due in more than three months and up to one year	—	535.8	535.8	—	141.6	141.6
Due in one to three years	—	825.8	825.8	—	740.1	740.1
Due in three to five years	—	752.3	752.3	—	770.6	770.6
Due in over five years	—	661.4	661.4	—	1,299.4	1,299.4
Total	117.7	2,845.1	2,962.8	5.5	2,951.7	2,957.2

(D) Debt Finance Arrangements

Composition and maturities by years after the date of the statement of financial position

Composition of bonds and liabilities to banking corporations:

	As at 30 September		As at 31 December	
	2022	2021	2021	2020
	(audited)	(unaudited)	(audited)	(audited)
	(US dollars in millions)			
Tamar Bonds(1)	-	636.2	-	635.4
Leviathan Bonds	2,195.9	2,223.4	2,224.8	2,219.3
Series A Bonds(2)	-	388.3	-	393.8
	2,195.9	3,247.9	2,224.8	3,248.5
Net of Current Maturities of bonds	(466.0)	1,024.5	-	393.8
Total (net of Current Maturities)	1,729.9	2,223.4	2,224.8	2,854.7

(1) In connection with NewMed's Tamar Disposal Interests, the amounts outstanding under the Tamar Bonds were repaid in full.

(2) The Series A Notes were repaid in full as at 31 December 2021.

As at 30 September 2022, the NewMed Group, on a consolidated basis, had US\$2.25 billion in total borrowings, described below.

On 22 May 2022, the board of directors of NewMed Group approved a plan for the purchase of Leviathan Bonds, from time to time, at the discretion of the NewMed Group's management. The plan authorises repurchases of an aggregate amount of up to US\$100 million. The purchase plan took effect from 24 May 2022 and will end on 23 May 2024. From 30 September 2022 to the Latest Practicable Date, NewMed Group had performed buybacks of US\$61.6 million aggregate value of the Leviathan Bonds.

(i) Leviathan Bonds

On 18 August 2020, Leviathan Bond Ltd. issued US\$500,000,000 5.750 per cent. senior secured notes due 30 June 2023, US\$600,000,000 6.125 per cent. senior secured notes due 30 June 2025,

US\$600,000,000 6.500 per cent. senior secured notes due 30 June 2027 and US\$550,000,000 6.750 per cent. senior secured notes due 30 June 2030 (collectively, the “**Leviathan Bonds**”) pursuant to an indenture by and among Leviathan Bond Ltd., as issuer, and HSBC Bank USA, National Association, as trustee (the “**Leviathan Bonds Trustee**”) (the “**Leviathan Bonds Indenture**”).

Subject to the Overriding Royalties and the rights of the parties under the Leviathan JOA, the Leviathan Bonds are secured by a first priority Israeli law fixed pledge and a Cayman Islands law security interest (with respect to the shares that the NewMed Group owns in NBL Jordan Marketing Limited), as applicable, granted by the NewMed Group in favour of the collateral agent, for the benefit of the holders of the Leviathan Bonds, of the NewMed Group’s rights and interest, solely to the extent relating to the Leviathan Delek working interest, in the following:

- the Offtake Agreements;
- the Leviathan JOA and all rights of the NewMed Group under the Leviathan JOA, including but not limited to contractual rights to Joint Property, including the Production System;
- specified insurance policies (other than liability insurance) covering the property of the Leviathan Project, as required to be obtained and maintained in accordance with the Indenture;
- the Leviathan Leases, the Platform Operating Permit and the Export Permits;
- certain the NewMed Group accounts;
- the shares of Leviathan Bond Ltd.;
- shares of NBL Jordan Marketing Limited;
- shares of the Licence Holder;
- certain common payment agreements;
- the OISTD; and
- certain assets over which the collateral agent may request a security interest be granted in favour of the collateral agent.

The Leviathan Bonds are also secured by (i) an Israeli law floating charge granted by Leviathan Bond Ltd. in favour of the Leviathan Bonds Trustee, for the benefit of the holders of the Leviathan Bonds, on all of Leviathan Bond Ltd.’s rights, titles and interests in and to all of its present and future tangible and intangible assets and (ii) a first priority Israeli fixed pledge by Leviathan Bond Ltd. in favour of the Leviathan Bonds Trustee, for the benefit of the holders of the Leviathan Bonds, of Leviathan Bond Ltd.’s interests in the following assets:

- Leviathan Bond Ltd.’s rights under the Sponsor Notes and the Sponsor Loan Agreement;
- certain accounts of Leviathan Bond Ltd.; and
- any new assets acquired by Leviathan Bond Ltd. not previously pledged, if requested by the Leviathan Bonds Trustee.

The Leviathan Bonds Indenture contains covenants that, among other things, and subject to certain exceptions, limit the NewMed Group’s ability to incur additional debt, create or incur liens, make distributions, and engage in prohibited activities. Each of these covenants is subject to significant exceptions and qualifications. See paragraph 7.2 (G) of Part XVIII (*Additional Information*) for a description of the provisions of the Leviathan Bonds Indenture.

6. Cash Flows

The table below sets forth selected cash flow information extracted, without material adjustment, from the NewMed Financial Statements for the periods indicated.

	Nine months ended 30 September		Year ended 31 December		
	2022 (audited)	2021 (unaudited)	2021 (audited)	2020 (audited)	2019 (audited)
	(US dollars in millions)				
Cash from operating activities:					
Total profit for the period	328.2	187.0	404.9	365.3	223.8
Adjustments for non-cash income and expense and non-operating cash flows:					
Depreciation, depletion and amortisation	94.5	82.1	133.1	140.3	69.7
Change in fair value of derivative financial instruments, net	—	—	—	(2.9)	0.3
Impairment exploration and evaluation	14.8	—	—	—	—
Taxes on income	60.1	216.3	207.8	—	—
Unwinding of discount on decommissioning provisions	(27.8)	(13.5)	(46.4)	(0.6)	4.6
Revaluation of short-term and long-term investments and deposits	0.5	(0.1)	-	2.4	(2.7)
Unit-based payment charge	0.7	-	-	-	0.1
Contributions from general partner	-	2.5	4.3	2.9	2.3
Gain on financial assets at fair value through profit or loss	(51.0)	(24.9)	(26.4)	(82.7)	(57.3)
Share of loss of an associate	3.4	3.7	4.5	7.7	36.6
Gain on sale of oil and gas properties	(4.3)	—	(144.6)	—	—
Adjustments to operating cash flows for movements in assets and liabilities:					
Trade receivables	(67.6)	(47.8)	(8.0)	(98.8)	(1.5)
Other receivables	(20.9)	(26.9)	(15.2)	23.3	0.3
Other long-term receivables	3.0	(7.1)	(23.5)	(7.8)	(4.7)
Trade and other payables	33.4	47.0	(36.1)	(22.6)	(14.9)
Other long-term liabilities	(5.8)	(1.5)	(0.7)	2.2	(2.6)
Net cash flows from operating activities	361.2	416.8	453.7	328.7	254.0
Cash flow from investing activities:					
Expenditure on exploration and evaluation assets	(5.0)	(4.3)	(6.4)	(8.4)	(2.9)
Expenditure on oil and gas properties	(62.1)	(20.9)	(25.6)	(127.7)	(583.2)
Expenditure on intangible and other assets	(26.6)	(26.6)	(34.4)	(14.6)	(140.5)
Proceeds on disposal of oil and gas properties	10.5	—	954.9	—	—
Investment in associate	-	—	-	—	(75.0)
Proceeds from financial instrument	-	30.6	30.6	—	—
Proceeds from loans given	12.5	14.3	14.3	14.8	15.3
Decrease (increase) in short-term deposits, net	(69.7)	(135.1)	48.6	(105.9)	124.1
Long-term deposit in bank deposits	-	—	—	(100)	(41.4)
Repayment of long-term bank deposits	-	—	—	100	—
Net cash flows (used in)/from investing activities	(140.4)	(142.0)	982.0	(241.8)	(703.6)
Cash flows from financing activities:					
Proceeds from interest-bearing loans and borrowings	-	—	—	2,321.1	688.1
Payments of interest-bearing loans and borrowings	(33.0)	(6.5)	(1,035.3)	(2,374.9)	—
Proceeds (distributions) to tax authorities	(155.1)	(13.5)	(13.6)	(35.0)	(25.5)
Distributions to unitholders	(199.5)	(36.6)	(236.6)	(99.1)	(185.9)
Net cash flows (used in)/from financing activities	(387.6)	(56.6)	(1,285.5)	(187.9)	476.7
Increase/(decrease) in cash and cash equivalents	(166.8)	218.2	150.2	(101.0)	27.1
Cash and cash equivalents at beginning of period	220.2	70.0	70.0	171.0	143.9
Cash and cash equivalents at end of period	53.4	288.2	220.2	70.0	171.0

* Less than one hundred thousand US dollars.

(A) Supplemental cash flow information

	Nine months ended		Year ended 31 December		
	30 September		2021	2020	2019
	2022	2021	2021	2020	2019
	(audited)	(unaudited)	(audited)	(audited)	(audited)
	(US dollars in millions)				
Non-cash investing and financing activities:					
Expenditure on exploration and evaluation assets	0.8	0.8	1.1*	—	—
Expenditure on oil and gas properties	19.2	55.3	36.4	42.3	150.1
Declared distributable profits	-	—	85.1	36.4	33.5
Proceeds from disposal of oil and gas assets	10.5	—	10.5	—	—
Additional information on cash flows:					
Interest paid (including capitalized interest)	80.0	77.4	193.5	256.9	166.3
Interest received	8.9	0.8	4.2	1.6	8.8
Dividend received	-	—	—	—	9.0
Disposal of oil and gas properties – discontinued operations (Note 10)					
Includes the following assets and liabilities as at the selling date:					
Working capital, net	—	—	10.6	—	—
Oil and gas properties	—	—	829.8	—	—
Intangible assets	—	—	21.3	—	—
Provision – decommissioning and well abandonment	—	—	(40.9)	—	—
Total assets net of liabilities	—	—	820.8	—	—
Proceeds received from the disposal of oil and gas properties	10.5	—	954.9	—	—
Proceeds not yet received from the disposal of oil and gas properties	4.3	—	10.5	—	—
Profit from the disposal of oil and gas assets	14.8	—	144.6	—	—

* Less than one hundred thousand US dollars.

(i) Net cash flows from operating activities

Net cash flows from operating activities were US\$416.8 million for the nine months ended 30 September 2021, compared with net cash deriving from current operations of US\$361.2 million for the nine months ended 30 September 2022. The 13.3 per cent. decrease was principally due to an increase in cash reserves for the repayment of Leviathan Bonds due in 2023 and from a decrease in expenses relating to the oil and gas profit levy in respect of Tamar Field compared with a rise in the same period last year.

Net cash flows from operating activities were US\$328.7 million for the year ended 31 December 2020, compared with net cash deriving from current operations of US\$453.7 million for the year ended 31 December 2021. The 38.0 per cent. increase was principally due to the increase in pre-tax profit for the period.

Net cash flows from operating activities were US\$254.0 million for the year ended 31 December 2019, compared with net cash deriving from current operations of US\$328.7 million for the year ended 31 December 2020. The 29.4 per cent. increase was principally due to the commencement of production from the Leviathan Project.

(ii) Net cash flows (used in)/from investment activities

Net cash flows used in investment activities were US\$142.0 million for the nine months ended 30 September 2021, compared with net cash flows used in investment activities of US\$140.4 million for the nine months ended 30 September 2022.

Net cash flows used in investment activities were US\$241.8 million for the year ended 31 December 2020, compared with net cash flows deriving from investment activities of US\$982.0 million for the year ended 31 December 2021. The trend was principally due to lower capital expenditures in the Leviathan Project and the revenues from the sale of the Tamar Project.

Net cash flows used in investment activities was US\$703.6 million for the year ended 31 December 2019, compared with US\$241.8 million for the year ended 31 December 2020. The 65.6 per cent. decrease was principally due to the completion of the construction stage and the commencement of gas production from the Leviathan Project.

(iii) Net cash flows (used in) financing activities

Net cash flows used in financing activities was US\$56.6 million for the nine months ended 30 September 2021, compared with net cash flows used in financing activities of US\$387.6 million for the nine months ended 30 September 2022. The 584.8 per cent. increase was principally due to tax and balancing payments (including payment of capital gains tax in connection with the Tamar Project), on account of the tax owed by NewMed Unitholders for the period up to and including 2021 in the sum of approximately US\$269 million, for the distribution of profits in the sum of approximately US\$100 million to the Participation Unitholders, and for buyback of the bonds of Leviathan Bond in the sum of approximately US\$33 million. Conversely, an income tax refund was received in respect of tax payments in previous years in the sum of approximately US\$15 million.

Net cash flows used in financing activities was US\$187.9 million for the year ended 31 December 2020, compared with net cash flows used in financing activities of US\$1,285.5 million for the year ended 31 December 2021. The increase was principally due to profit distribution, tax and balancing payments and the repayment of the Tamar Bonds and the Series A bonds.

Net cash flows generated by financing activities was US\$476.7 million for the year ended 31 December 2019, compared with net cash flows used in financing activities of US\$187.9 million for the year ended 31 December 2020. The trend was principally due to usage of the Leviathan Project loan facility in 2019 that was offset by higher tax payments in 2019.

7. Off-Balance Sheet Arrangements and Contingent Liabilities

The NewMed Group has certain contingent liabilities. See Note 12 to the NewMed Financial Statements relating to the NewMed Group's contingent liabilities.

8. Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

See Note 4 to the NewMed Financial Statements for information on NewMed's judgements in applying accounting policies and key sources of estimation uncertainty.

8.1 Significant Judgements in Applying the NewMed Accounting Policies

Preparation of the NewMed Financial Statements in accordance with IFRS requires the management of the NewMed Group to make estimates and assumptions that affect the amounts presented in the NewMed Financial Statements. These estimates occasionally require judgement in an environment of uncertainty and have a material effect on the presentation of the data in the NewMed Financial Statements.

Below is a description of the critical judgements and key sources of estimation uncertainty used in the preparation of the NewMed Financial Statements, in the preparation of which the management of the NewMed Group was required to make assumptions as to circumstances and events that involve significant uncertainty.

In exercising its judgement when making the estimates, the management of NewMed's General Partner relies on past experience, various facts, external factors and reasonable assumptions according to the circumstances relevant to each estimate. Actual results differ from the estimates of the management of NewMed's General Partner.

8.2 Key Sources of Estimation Uncertainty

The preparation of the NewMed Financial Statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the historical financial information concerning uncertainties at the reporting date and the critical estimates computed by NewMed that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(A) Estimate of Gas and Condensate Reserves

The estimate of the gas and condensate reserves (the “**Gas Reserves**”) is used, *inter alia*, in determining the rate of amortisation of the producing assets serving the operations during the reported period, as well as in the examination of potential impairments. Investments related to the discovery and production of proved and probable Gas Reserves are amortised according to the depletion method as stated in Note 2, Section K1E to the NewMed Financial Statements.

The estimated gas quantity in the proven reservoirs in the reported period is determined on an annual basis, according to the opinions of independent external experts on the evaluation of reserves in oil and gas reservoirs.

Evaluation of the proved and probable gas reserves according to the above principles is a subjective process and the evaluations of different experts may occasionally be materially different. In light of the materiality of the amortisation expenses, the abovementioned changes may have a material effect on the results of the operations and the financial condition of NewMed.

(B) Asset Retirement Obligation

NewMed recognises the asset concurrently with a liability in respect of its oil and gas asset retirement obligation at the end of the period of use thereof.

The timing and the amount of the economic resources required for the settlement of the liability are based on estimation by the management of the General Partner of NewMed, which relies, *inter alia*, on opinions of independent professional consultants and are examined periodically to ensure the fairness of such estimations.

(C) Claims and Legal Proceedings

In the assessment of the chances of the results of the legal claims filed against NewMed, NewMed relied on opinions of its legal counsel. This assessment of the legal counsel is based on their best professional judgement, considering the stage of the proceedings, and on the legal experience accrued on the various issues. Since the outcome of the claims shall be determined in court, this outcome may be different to this assessment.

(D) Determining the Fair Value of an Unquoted Financial Asset

The fair value of unquoted financial assets classified at level 3 of the fair value hierarchy is determined using valuation techniques, generally using future cash flows discounted at interest rates applicable for items with similar terms and risk characteristics. Changes in estimated future cash flows and estimated discount rates, after consideration of risks such as liquidity risk, credit risk and volatility, are liable to affect the fair value of these assets.

(E) Levies

Pursuant to the Taxation of Profits and Natural Resources Law, 5771-2011 (the “Levy” or the “Taxation of Profits and Natural Resources Law”), starting from 2020, NewMed recognised an expense in respect

of a petroleum profit levy for the Tamar Project. As of the date of approval of the financial statements, there are several interpretation disputes vis-à-vis the ITA. In accordance with the estimates made by NewMed, as of December 31, 2021, NewMed recorded a provision on its books for payment of a levy for 2020-2021. NewMed's estimates were made to the best of its understanding and based, *inter alia*, on an opinion of its legal counsel with respect to the issues in dispute, in respect of most of which it is estimated that the prospects of NewMed's claims being accepted exceed the prospects of their being rejected.

(F) Estimated Impairment of Oil and Gas Assets

Examination of impairment of oil and gas assets involves estimates. The examination requires NewMed to make an estimate of the future cash flows expected to derive from ongoing use of NewMed's cash-generating unit from proved + probable (2P) reserves.

(G) Deferred Taxes

Deferred taxes are calculated in respect of temporary differences between the amounts included in the NewMed Financial Statements and the amounts taken into account for tax purposes. In calculating the deferred tax liability, management judgement is required to determine the amount of deferred tax liabilities that can be recognised, based upon the timing and level of future taxable profits, its source and the tax planning strategy.

(H) Financial and Market Risks

NewMed's transactions expose NewMed to various financial risks, such as: market risk (including currency risk, fair value risk due to interest rate, linkage to the US CPI and price risk), credit risk, liquidity risk and cash flow risk due to the exposure to the LIBOR interest rate. The general risk management plan of NewMed focuses on acts to minimise possible negative effects on NewMed's financial performance. NewMed at times uses derivative financial instruments to hedge certain exposures to risks. For details, see Note 22.6 to the NewMed Financial Statements.

Part XI
Historical Financial Information Relating to the Capricorn Group

1. Basis of financial information

The audited consolidated financial statements of the Capricorn Group included in the Annual Reports and Accounts of Capricorn for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021, together with the audit reports thereon are incorporated by reference into this document. The Capricorn Group 2019 Financial Statements and Capricorn Group 2020 Financial Statements have been prepared in accordance IFRS as adopted by the EU and the Capricorn Group 2021 Financial Statements have been prepared in accordance with UK-Adopted International Accounting Standards. There are no qualifications in the auditor's reports as contained in the Capricorn Group Annual Financial Statements. The unaudited condensed consolidated financial statements of the Capricorn Group as at and for the six month period ended 30 June 2022 are also incorporated by reference into this document,

In addition, the audited consolidated financial statements of the Capricorn Group for the financial year ended 31 December 2021 have been restated under the accounting policies of the NewMed Group, and have been presented in this document with a comparative set of audited consolidated financial statements of the Capricorn Group for the financial year ended 31 December 2020 which have also been restated under the accounting policies of the NewMed Group. The unaudited consolidated interim financial statements of the Capricorn Group for the six months ended 30 June 2022 have been restated under the accounting policies of the NewMed Group, and have been presented in this document with a comparative set of unaudited interim financial statements of Capricorn for the six months ended 30 June 2021 (which have also been restated under the accounting policies of the NewMed Group). PwC's opinion on the Capricorn Group Restated 2021 Financial Statements is set out in Section B of this Part XI.

The consolidated financial statements of the Egypt Concessions for the years ended 31 December 2018, 31 December 2019 and 31 December 2020 (being, together, the Capricorn Egypt Financial Statements), together with the independent report in respect of those financial statements, are incorporated by reference into this document. The Capricorn Egypt Financial Statements have been extracted without material adjustment from the Capricorn Egypt Circular. The report on the Capricorn Egypt Financial Statements was unqualified.

2. Documents incorporated by reference

The following list is intended to enable investors to identify easily specific items of information, relating to this part of the document, which have been incorporated by reference into this document. The sections of the documents listed below which are not incorporated by reference are either not relevant to investors or are superseded by information elsewhere in this document. Please see paragraph 16 of Part XVIII (Additional Information) for the full cross-reference list of documents incorporated by reference.

These documents are also available on the Company's website at www.capricornenergy.com.

2.1 Capricorn Group 2019 Financial Statements (for the financial year ended 31 December 2019)

1. Independent Auditors' Report – pages 130 to 135
2. Group Income Statement – page 136
3. Group Statement of Comprehensive Income – page 136
4. Group Balance Sheet – page 137
5. Group Statement of Cash Flows – page 138
6. Group Statement of Changes in Equity – page 139
7. Notes to the Company Financial Statements – pages 186 to 192

2.2 Capricorn Group 2020 Financial Statements (for the financial year ended 31 December 2020)

1. Independent Auditors' Report – pages 128 to 133
2. Group Income Statement – page 134
3. Group Statement of Comprehensive Income – page 134
4. Group Balance Sheet – page 135
5. Group Statement of Cash Flows – page 136
6. Group Statement of Changes in Equity – page 137
7. Notes to the Company Financial Statements – pages 181 to 187

2.3 Capricorn Group 2021 Financial Statements (for the financial year ended 31 December 2021)

1. Independent Auditors' Report – pages 146 to 151
2. Group Income Statement – page 152
3. Group Statement of Comprehensive Income – page 152
4. Group Balance Sheet – page 153
5. Group Statement of Cash Flows – page 154
6. Group Statement of Changes in Equity – page 155
7. Notes to the Company Financial Statements – pages 201 to 207

2.4 Capricorn Group H1 2022 Financial Statements (for the six months ended 30 June 2022)

1. Group Income Statement – page 18
2. Group Statement of Comprehensive Income – page 19
3. Group Balance Sheet – page 21
4. Group Statement of Cash Flows – page 20
5. Group Statement of Changes in Equity – page 22 to 23
6. Notes to the Company Financial Statements – pages 24 to 41

2.5 The Capricorn Egypt Circular

1. Accountant's report in respect of the Capricorn Egypt Financial Statements – pages 28 to 29
2. Combined statement of income for the years ended 31 December 2018, 2019 and 2020 – page 30

3. Combined statement of financial position for the years ended 31 December 2018, 2019 and 2020 – page 31
4. Combined statement of changes in equity for the years ended 31 December 2018, 2019 and 2020 – page 32
5. Combined statement of cash flow for the years ended 31 December 2018, 2019 and 2020 – page 33
6. Notes to the Capricorn Egypt Financial Statements for the years ended 31 December 2018, 2019 and 2020 – pages 34 to 57

2.6 The notice of the Requisitioned General Meeting

1. Letter from the Board of Capricorn Energy PLC – pages 1 to 3
2. Notice of General Meeting – Capricorn Energy PLC – pages 4 to 8

SECTION A
RESTATED HISTORICAL FINANCIAL INFORMATION FOR FY 2021 RELATING TO THE
CAPRICORN GROUP

Group Income Statement

For the year ended 31 December 2021

	Note	2021 US\$m	2020 US\$m
Continuing operations			
Revenue	2.2	57.1	0.4
Other income	2.2	7.3	–
Cost of sales	2.2	(20.5)	–
Depletion charge	2.4	(31.2)	–
Gross profit		12.7	0.4
Pre-award costs	4.2	(15.8)	(12.1)
Unsuccessful exploration costs	2.3	(19.6)	(64.1)
Impairment of intangible exploration/appraisal assets	2.3	(8.0)	–
Other operating income	4.3	24.1	2.9
General exploration and evaluation expenses	4.4	(42.8)	(40.6)
Administrative and other expenses	4.5	(58.2)	(41.1)
Operating loss		(107.6)	(154.6)
Exceptional income – India tax refund	1.4	1,070.7	–
Fair value loss – deferred consideration on business combinations	2.1	(7.2)	–
Gain on financial assets at fair value through profit or loss		5.5	0.1
Finance income		4.5	0.8
Finance costs	4.7	(68.9)	(27.9)
Profit/(Loss) before tax from continuing operations		897.0	(181.6)
Taxation			
Tax charge	5.2	(4.2)	(0.1)
Profit/(Loss) from continuing operations		892.8	(181.7)
Profit/(Loss) from discontinued operations	6.1	25.0	(100.7)
Profit/(Loss) for the year attributable to equity holders of the Parent		917.8	(282.4)
Earnings per share for profit/(loss) from continuing operations:			
Profit/(Loss) per ordinary share – basic (cents)	4.8	180.30	(31.18)
Profit/(Loss) per ordinary share – diluted (cents)	4.8	175.50	(31.18)
Earnings per share for profit/(loss) attributable to equity holders of the Parent:			
Profit/(Loss) per ordinary share – basic (cents)	4.8	185.35	(48.46)
Profit/(Loss) per ordinary share – diluted (cents)	4.8	180.41	(48.46)
Profit/(Loss) for the year attributable to equity holders of the Parent		917.8	282.4

	Note	2021 US\$m	2020 US\$m
Other Comprehensive Income – items that may be recycled to the Income Statement:			
Fair value (loss)/gain on hedge options	3.7	(14.2)	52.2
Hedging loss/(gain) recycled to the Income Statement	3.7	14.9	(56.0)
Fair value loss on hedge options recycled to the Income Statement on cessation of hedge accounting		2.7	
Currency translation differences		2.0	14.7
Currency translation differences recycled on disposal of subsidiaries	4.7	54.7	43.4
Other Comprehensive Income for the year		60.1	54.3
Total Comprehensive Income/(Expense) for the year attributable to equity holders of the Parent		977.9	228.1
Total Comprehensive Income/(Expense) from:			
Continuing operations		898.2	(160.1)
Discontinued operations		79.7	(68.0)
		977.9	225.8

Group Balance Sheet
As at 31 December 2021

	Note	2021 US\$m	2020 US\$m
Non-current assets			
Goodwill	2.1	25.4	—
Intangible exploration/appraisal assets	2.3	21.4	11.9
Property, plant & equipment – development/producing assets	2.4	373.9	849.8
Financial assets at fair value through profit or loss	3.6	120.4	—
Other property, plant & equipment and intangible assets		5.7	11.5
		546.8	873.2
Current assets			
Cash and cash equivalents	3.1	314.1	569.6
Inventory	3.4	10.8	12.3
Trade and other receivables	3.5	1,211.2	74.6
Financial assets at fair value through profit or loss	3.6	86.6	5.2
Derivative financial instruments	3.7	—	0.2
		1,622.7	661.9
Total assets		2,169.5	1,535.1
Current liabilities			
Deferred consideration on business combinations	2.1	20.9	—
Loans and borrowings	3.2	10.9	—
Lease liabilities	3.3	2.4	43.2
Derivative financial instruments	3.7	—	3.2
Trade and other payables	3.8	152.2	91.6
Deferred revenue	3.9	—	4.8
		186.4	142.8
Non-current liabilities			
Deferred consideration on business combinations	2.1	49.1	—
Loans and borrowings	3.2	166.1	—
Lease liabilities	3.3	1.3	196.8
Deferred revenue	3.9	—	16.9
Provisions – decommissioning and well abandonment	2.5	2.2	153.2
Deferred tax liabilities	5.3	42.7	—
		261.4	366.9
Total liabilities		447.8	509.7
Net assets		1,721.7	1,025.4
Equity attributable to equity holders of the Parent			
Called-up share capital	7.1	12.6	12.6
Share premium	7.1	490.9	490.1
Shares held by ESOP/SIP Trusts	7.1a,b	(17.5)	(13.4)
Foreign currency translation	7.1c	(74.1)	(130.8)
Merger and capital reserves	7.1d	40.9	40.8
Hedge reserve	7.1e	—	(3.4)
Retained earnings		1,268.9	629.5
Total equity		1,721.7	1,025.4

Group Statement on Cash Flows
For the year ended 31 December 2021

	Note	2021 US\$m	2020 (restated) US\$m
Cash flows from operating activities:			
Profit/(Loss) before tax from continuing operations		897.0	(181.6)
Profit before tax from discontinued operations	6.1	198.8	37.7
Profit/(Loss) before tax including discontinued operations		1,095.8	(143.9)
Adjustments for non-cash income and expense and non-operating cash flows:			
Other income – tax entitlement volumes		(7.3)	–
Release of deferred revenue		(21.7)	(13.9)
Unsuccessful exploration costs		19.6	64.1
Depreciation, depletion and amortisation		73.6	223.1
Impairment of intangible exploration/appraisal assets		8.0	–
Share-based payments charge		10.2	9.1
Impairment of disposal group property, plant & equipment – development/producing assets		56.0	–
Exceptional income – India tax refund		(1,070.7)	–
Fair value loss – deferred consideration on business combinations		7.2	–
Gain on financial assets at fair value through profit or loss		(5.5)	(0.1)
Loss on financial assets at fair value through profit or loss – discontinued operations		8.1	–
Finance income		(4.5)	(0.8)
Finance costs		78.7	51.5
Adjustments to operating cash flows for movements in current assets and liabilities:			
Inventory movement		(4.6)	1.5
Trade and other receivables movement	3.5	(70.8)	16.6
Trade and other payables movement	3.8	(11.5)	11.6
Net cash flows from operating activities		160.6	218.8
Cash flows from investing activities:			
Expenditure on intangible exploration/appraisal assets		(43.2)	(87.6)
Expenditure on property, plant & equipment – development/producing assets		(24.0)	(271.4)
Expenditure on other property, plant & equipment and intangible assets		(2.9)	(2.7)
Expenditure on financial assets at fair value through profit and loss		(6.9)	–
Consideration paid for assets acquired through business combination	2.1	(310.1)	–
Proceeds on disposal of intangible exploration/appraisal assets – continuing operations	2.2	23.6	–
Proceeds on disposal of oil and gas assets – discontinued operations	6.1	63.9	524.8
Proceeds on disposal of purchaser bonds on sale of oil and gas assets – discontinued operations	6.1	30.0	–
Costs incurred on disposal of oil and gas assets – discontinued operations	6.1	(7.3)	(1.7)
Proceeds on disposal of subsidiary	6.1	–	105.2
Costs incurred on disposal of subsidiary	6.1	–	(0.5)
Cash and cash equivalents included in assets of subsidiary disposed of	6.1	–	(2.2)
Interest received and other finance income		0.2	0.8
Net cash flows (used in)/from investing activities		(276.7)	264.7

	Note	2021 US\$m	2020 (restated) US\$m
Cash flows from financing activities:			
Return of cash to shareholders	7.2	(257.2)	–
Share re-purchase		(7.8)	–
Debt arrangement fees	3.2	(4.6)	(5.3)
Other interest and charges		(5.8)	(7.8)
Proceeds from borrowings	3.2	181.4	139.6
Repayment of borrowings	3.2	–	(139.6)
Proceeds from issue of shares		0.9	0.3
Cost of shares purchased	7.1a	(8.7)	(1.0)
Lease payments	3.3	(46.1)	(59.5)
Lease reimbursements	3.3	–	4.0
Net cash flows used in financing activities		(147.9)	(69.3)
Net (decrease)/increase in cash and cash equivalents		(264.0)	414.2
Opening cash and cash equivalents at beginning of year		569.6	153.7
Foreign exchange differences		8.5	1.7
Closing cash and cash equivalents	3.1	314.1	569.6

Group Statement on Changes in Equity

For the year ended 31 December 2021

	Equity share capital and share premium US\$m	Shares held by ESOP/ SIP Trusts US\$m	Foreign currency translation US\$m	Merger and capital reserves US\$m	Hedge reserve US\$m	Retained earnings US\$m	Total equity US\$m
At 1 January 2020	502.4	(15.8)	(188.9)	296.7	0.4	650.3	1,245.1
Loss for the year	—	—	—	—	—	(282.4)	(282.4)
Fair value gain on hedge options	—	—	—	—	52.2	—	52.2
Hedging gain recycled to the Income Statement	—	—	—	—	(56.0)	—	(56.0)
Currency translation differences	—	—	14.7	—	—	—	14.7
Currency translation differences recycled on disposal of subsidiary	—	—	43.4	—	—	—	43.4
Total comprehensive income/ (expense)	—	—	58.1	—	(3.8)	(282.4)	(228.1)
Merger reserve transferred to retained earnings	—	—	—	(255.9)	—	255.9	—
Share-based payments	—	—	—	—	—	9.1	9.1
Exercise of employee share options	0.3	—	—	—	—	—	0.3
Cost of shares purchased	—	(1.0)	—	—	—	—	(1.0)
Cost of shares vesting	—	3.4	—	—	—	(3.4)	—
At 31 December 2020	502.7	(13.4)	(130.8)	40.8	(3.4)	629.5	1,025.4
Profit for the year	—	—	—	—	—	917.8	917.8
Fair value loss on hedge options	—	—	—	—	(14.2)	—	(14.2)
Hedging loss recycled to the Income Statement	—	—	—	—	14.9	—	14.9
Fair value on hedge options recycled on cessation of hedge accounting	—	—	—	—	2.7	—	2.7
Currency translation differences	—	—	2.0	—	—	—	2.0
Currency translation differences recycled on disposal of subsidiary	—	—	54.7	—	—	—	54.7
Total comprehensive income	—	—	56.7	—	3.4	917.8	977.9
Return of cash to shareholders	—	—	—	—	—	(257.2)	(257.2)
Share-based payments	—	—	—	—	—	10.2	10.2
Exercise of employee share options	0.9	—	—	—	—	—	0.9
Share re-purchase	(0.1)	—	—	0.1	—	(26.8)	(26.8)
Cost of shares purchased	—	(8.7)	—	—	—	—	(8.7)
Cost of shares vesting	—	4.6	—	—	—	(4.6)	—
At 31 December 2021	503.5	(17.5)	(74.1)	40.9	—	1,268.9	1,721.7

1. Section 1 – Basis of Preparation and Exceptional Income

This section includes the Capricorn Group's general accounting policies applicable across its consolidated historical financial information. Accounting policies specific to individual notes to the accounts are embedded in the notes themselves.

1.1 Accounting Policies

(A) Basis of Preparation

The Capricorn Group Restated 2021 Financial Statements have been prepared specifically for the purposes of this document and in accordance with the UK Prospectus Regulation and UK-adopted international accounting standards. The Capricorn Group Restated 2021 Financial Statements do not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The following significant accounting policies apply to the Capricorn Group Restated 2021 Financial Statements as a whole. The accounting policies have been consistently applied to all the periods presented, unless otherwise stated.

Capricorn is a limited company incorporated and domiciled in the United Kingdom whose shares are publicly traded. The registered office is located at 50 Lothian Road, Edinburgh, Scotland, EH3 9BY. The registered company number is SC226712.

Capricorn prepares its historical financial information (the “**Capricorn Group HFI**”) on a historical cost basis unless accounting standards require an alternate measurement basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed either in the relevant accounting policy or in the notes to the Capricorn Group HFI. The Capricorn Group HFI complies with the Listing Rules and the Prospectus Delegated Regulation as applicable to companies using IFRS. Revised accounting policies have been applied consistently across all periods disclosed.

The Capricorn Group HFI is prepared on a going concern basis.

(B) Business Operations and Principal Activities

In the period covered by the Capricorn Group Restated 2021 Financial Statements, Capricorn held a balanced portfolio of oil and gas development, production and exploration assets, with interests in the following countries: the UK, Egypt, Israel, Mauritania, Mexico and Suriname. Capricorn are active portfolio managers looking at transforming the asset portfolio to ensure that the Capricorn Group has line of sight on long-term cash flow generation and growth potential.

(C) Accounting Standards

There are no new standards or amendments issued by the International Accounting Standards Board (the “**IASB**”) and endorsed under the Companies Act 2006, that have yet to be adopted by the Capricorn Group that will materially impact the Capricorn Group HFI.

(D) Basis of Consolidation

The Capricorn Group HFI includes the results of Capricorn and its subsidiary undertakings to the balance sheet date. Where subsidiaries follow differing accounting policies from those of the Capricorn Group, those accounting policies have been adjusted to align with those of the Capricorn Group. Intercompany balances and transactions between Group companies are eliminated on consolidation, though foreign exchange differences arising on intercompany balances between subsidiaries with differing functional currencies are not offset.

The results of subsidiaries acquired or incorporated in any year are included in the Income Statement and Statement of Cash Flows from the effective date of acquisition, while the results of subsidiaries disposed of or liquidated during the year are included in the Income Statement and Statement of Cash Flows to the date at which control passes from the Capricorn Group. A list of subsidiaries at the balance sheet date can be found in Appendix 1.

(E) Joint Arrangements

Capricorn is a partner (joint operator) in oil and gas exploration, development and production licences which are unincorporated joint arrangements. All of the Capricorn Group's current interests in these arrangements are determined to be joint operations.

Costs incurred relating to an interest in a joint operation other than costs relating to production activities are capitalised in accordance with the Capricorn Group's accounting policies for oil and gas assets as appropriate (notes 2.3 and 2.4). All the Capricorn Group's intangible exploration/appraisal assets and property, plant & equipment – development/producing assets relate to interests in joint operations.

Capricorn's working capital balances relating to joint operations are included in trade and other receivables (note 3.5) and trade and other payables (note 3.8). Any share of finance income or costs generated or incurred by the joint operation is included within the appropriate income statement account.

(F) Foreign Currencies

The Capricorn Group HFI is presented in US dollars, the functional currency of the Parent.

In the accounts of individual Group companies, Capricorn translates foreign currency transactions into the functional currency at the rate of exchange prevailing at the transaction date (or an approximation thereof where not materially different). Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are taken to the income statement except for those incurred on borrowings specifically allocable to development projects, which are capitalised as part of the cost of the asset, though there were none in either the current or preceding year.

The Capricorn Group maintains the accounts of the Parent and subsidiary undertakings in their functional currency. Where applicable, the Capricorn Group translates subsidiary accounts into the presentation currency, US\$, using the closing rate method for assets and liabilities which are translated at the rate of exchange prevailing at the balance sheet date and rates at the date of transactions for income statement accounts. Capricorn takes exchange differences arising on the translation of net assets of Group companies whose functional currency is non-US\$ directly to reserves.

Rates of exchange to US\$1 were as follows:

	Closing 2021	YTD Average 2021	Closing 2020	YTD Average 2020
GBP	0.739	0.727	0.731	0.779

(G) Exceptional Items

Where items have a significant impact on profit or loss, occur infrequently and are not part of the Capricorn Group's normal operating cycle, such items may be disclosed as exceptional items on the face of the Income Statement.

1.2 Going Concern

The Directors have considered the factors relevant to support a statement of going concern. In assessing whether the going concern assumption is appropriate, the Board considered the Group cash flow forecasts of the Combined Group following Completion of the Combination between Capricorn and the NewMed under various scenarios, identifying risks and mitigating factors and ensuring the Combined Group has sufficient funding to meet its current and contracted commitments as and when they fall due for a period of at least 12 months from the date of signing this historical financial information.

At the balance sheet date and the Latest Practicable Date, the Group has significant surplus cash balances, following receipt of the India tax refund, exceeding debt drawn on the Capricorn Acquisition Senior RBL Facility and the Junior Debt Facility which part-funded the Egypt Acquisition. Following Completion, the Combined Group is forecast to have opening cash reserves of approximately US\$580 million after the proposed return of approximately US\$620 million⁶³ to Capricorn Shareholders and employees holding certain Capricorn share-based payment awards, assuming Completion on 28 February 2023. At this forecast completion date, amounts of US\$2.25 billion will be outstanding under the NewMed Leviathan Bond. Forecast cash reserves assume drawdown of further funding available to the Combined Group through a credit facility with the Israeli Bank Corporation of US\$100 million, which is required to be drawn by 6 February 2023.

The Combined Group has sufficient resources to maintain compliance with all financial covenants associated with the Capricorn Acquisition Senior RBL Facility and the Junior Debt Facility and the Israeli credit facility and to meet all bond repayments falling due within the coming 12 months. Downside scenarios have been prepared including a return to sustained low oil prices, reductions in forecast production, increases to forecast operating and drilling costs, and a reduction in amounts available to be drawn from borrowing facilities and these scenarios require drawdown of the US\$100 million facility.

The Directors have a reasonable expectation that the Combined Group will continue in operational existence for a period of at least 12 months from the date of approval of the historical financial information and have therefore used the going concern basis in preparing the historic financial information.

1.3 Exceptional Income

Settlement of India Tax Refund

In November 2021, the Capricorn Group entered into statutory undertakings with the Government of India in respect of new legislation enabling the refund of retrospective taxes collected from Capricorn in India by way of asset seizures since 2014. Under the new legislation Capricorn was required to withdraw its rights under the international arbitration award and cease enforcement action. Capricorn undertook all necessary steps under the legislation and the refund of taxes of INR 79 billion (approximately US\$1.06 billion) was received in February 2022. The Capricorn Group has recorded the tax refund due as exceptional income in the results for the year ending 31 December 2021 at the exchange rate prevailing at the year end, recognising an asset of US\$1,070.7 million.

On receipt of the tax refund in February 2022, the Capricorn Group immediately converted the Indian Rupee receipt into US\$. After conversion, the US\$ sums received were US\$1,056.1 million with an exchange loss of US\$14.7 million recorded which will be included in the results for the year end 31 December 2022. For completeness, it should be noted that in relation to the tax refund the actual cash receipt amount is US\$1,056.1 million, while the US\$1,070.7 million figure relates to the amount receivable at 31 December 2021.

The presentation of the tax refund of US\$1,070.7 million as exceptional income within profit or loss before taxation reflects that the asset seizures in 2014, enforced by the India Income Tax Department (the "IITD"), resulted in an exceptional loss on disposal of those assets which was also recorded in profit or loss before taxation. Though the proceeds seized were allocated against retrospective tax assessments raised by the IITD, and that the tax collected has now been refunded, no tax charge was ever recorded in the Capricorn Group HFI therefore the accounting treatment of the tax refund as a non-tax item is consistent with past disclosures.

Over the first half of 2022, Capricorn returned US\$537.9 million of the India tax refund proceeds to shareholders by way of a tender offer and a share re-purchase programme.

⁶³ Proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

2. Section 2 – Oil and Gas Assets and Operations

This section contains details of the business combination on acquisition of the Western Desert interests in Egypt and their subsequent performance, together with changes in the Capricorn Group's remaining exploration portfolio.

2.1 Significant accounting judgements in this section:

(A) Fair value of assets acquired through business Combinations

Capricorn's acquisition of exploration, development and producing assets in the Western Desert, Egypt was determined to be a business combination rather than a combination of asset purchases, having clearly identifiable inputs, significant processes and outputs in connection with the production and sale of hydrocarbons. Specifically, the interests in joint operations acquired, including a working interest in the operating company, significantly contribute to the ability to continue producing oil and gas without significant and unavoidable additional costs to Capricorn.

In allocating fair value to assets acquired, the fair value of intangible exploration/appraisal assets was US\$nil, reflecting the inherent risks involved in exploration for oil and gas.

(B) Review for Indicators of impairment on Intangible exploration/Appraisal assets and Property, Plant & Equipment – development/Producing assets

The Saasken-2 appraisal well drilled in the year on Block 10 in Mexico did not encounter hydrocarbons and as a result a possible Saasken extension into neighbouring Block 9, in which Capricorn holds a 65 per cent. interest, was reclassified from contingent resources to prospective resources. With no further firm exploration drilling planned and no contingent resources now booked, an indicator of impairment was identified and remaining costs of US\$8.0 million have been impaired in full.

The Catcher and Kraken producing assets (the "UK Producing Assets") were tested for impairment prior to transfer to assets held-for-sale on 8 March 2021 and an impairment loss of US\$56.0 million recorded through discontinued operations.

(i) Key estimates and assumptions in this section:

(a) Climate change assumptions

Capricorn's cost of carbon assumptions are included in the fair value models used to attribute value to the assets acquired through the business combination in Egypt, detailed below. Those models will also determine the useful life-of-field assumptions for each producing asset and increasing costs of carbon could result in reduced commercial reserve volumes. Sensitivities performed on alternate carbon cost assumptions did not have a significant impact on the acquisition fair values of the assets in Egypt.

Capricorn's models have no residual value attributed to producing assets as at the end of the economic field life title passes to the Egyptian Government. There are therefore no decommissioning assets or liabilities to record. There are currently no assets that have been identified as at risk of becoming stranded.

(b) Estimation of hydrocarbon reserves and long-term oil price assumption

Oil and gas reserve volumes and related production profiles are estimated based on Capricorn's internal process manual which follows industry best practice. This represents Capricorn's best estimate of reserves as at the reporting date. Capricorn's reserves and resources reporting committee, which provides oversight, advice and guidance while providing senior level review, reports to the Capricorn Group's Audit Committee before ultimately requesting approval of annual reserve volumes by the Board. Third-party audits of Capricorn's reserves and resources are conducted annually.

A change in reserve volumes could impact depletion charges and related deferred tax liabilities and indicate a possible impairment of assets.

Capricorn's long-term oil price assumption remains consistent with the prior year at US\$55/bbl unescalated. The Capricorn Group's short-term assumption remains linked to the forward curve over a two-year period.

(c) Fair value of assets acquired through Business Combination

Assets acquired in Egypt through the business combination have been recognised at their fair value based on the net present value of discounted future cash flows.

The key assumptions used in the Capricorn Group's discounted cash flow models reflect past experience and take account of external factors. These assumptions include:

- short/medium-term oil price based on a six-month average forward curve for two years from the balance sheet date;
- long-term oil price of US\$55/bbl unescalated;
- Egypt price differentials to base oil prices;
- cost of carbon offsets in line with Capricorn's commitment to offsetting emissions and reaching net zero Scope 1 and 2 emissions by 2040;
- reserve estimates of 2P discovered resource based on P50 reserve estimates;
- production profiles based on Capricorn's internal estimates including assumptions on performance of assets;
- cost profiles for future development spend and operating costs escalated at 4.0 per cent. per annum; and
- post-tax discount rates of 10 per cent.

2.2 Business Combination

(A) Accounting policy

Capricorn accounts for the acquisitions of subsidiaries, or an asset or collection of assets which are determined to meet the definition of a business, using the acquisition method. The assets and liabilities acquired are measured at their fair values at the date of acquisition.

Acquisition-related costs are recognised in the income statement as incurred.

Where the acquisition includes any assets or liabilities resulting from a contingent consideration arrangement, this is to be measured at fair value at the date of acquisition.

Capricorn measures goodwill as the excess of the consideration paid over the net of the assets and liabilities acquired. Where the value of the assets acquired exceeds the consideration paid, negative goodwill arises and is recorded in the income statement.

(B) Acquisition of Egyptian Business

On 24 September 2021, Capricorn, together with its consortium partner Cheiron, completed the acquisition of a portfolio of upstream oil and gas production, development and exploration interests from Shell Egypt NV and Shell Austria GmbH in the Western Desert, onshore The Arab Republic of Egypt.

Capricorn Egypt, a wholly owned subsidiary of Capricorn, acquired 50 per cent. of the portfolio of interests being sold by Shell, comprising of 13 concessions, including five exploration concessions. Producing fields are split over four distinct areas, each with different characteristics and geographies: the Obaiyed Area; BED; NEAG; and AESW. In addition, Capricorn acquired a 25 per cent. interest in Bapetco, a joint venture company which runs operations on all of the producing concessions on behalf of the operator Cheiron. Joint Venture partners in Bapetco are EGPC (50 per cent.) and Cheiron (25 per cent.). Bapetco does not hold any assets or liabilities and all costs it incurs are allocated across the concessions, with each joint operation partner paying its share of the expense incurred.

A summary of the assets acquired is as follows:

Area	Concession & Exploration Blocks	Capricorn working interest in Concession	Partners in Concession	Operating Company	Capricorn working interest in Operating Company
Obaiyed Area	Obaiyed	50 per cent.	Cheiron (50 per cent.)	Obaiyed Petroleum Company	25 per cent.
	North Matruh	50 per cent.	Cheiron (50 per cent.)	Obaiyed Petroleum Company	25 per cent.
	North Um Baraka	50 per cent.	Cheiron (50 per cent.)	North Um Baraka Petroleum Company	25 per cent.
Badr El Din (BED)	Sitra	50 per cent.	Cheiron (50 per cent.)	Sitra Petroleum Company	25 per cent.
	BED	50 per cent.	Cheiron (50 per cent.)	Bapetco	25 per cent.
	BED 2 & 17	50 per cent.	Cheiron (50 per cent.)	Bapetco	25 per cent.
	BED 3	50 per cent.	Cheiron (50 per cent.)	Bapetco	25 per cent.
	North Alam El Shawish ("NAES")	50 per cent.	Cheiron (50 per cent.)	NAES Petroleum Company	25 per cent.
NEAG	NEAG Tiba and NEAG Extension	26 per cent.	Cheiron (26 per cent.); Apache Egypt (48 per cent.)	Tiba Petroleum Company	13 per cent.
AESW	AESW	20 per cent.	Cheiron (20 per cent.); North Petroleum International Company SA (35 per cent.); Neptune (25 per cent.)	AESW Petroleum Company	10 per cent.
Abu Sennan	South Abu Sennan	50 per cent.	Cheiron (50 per cent.)	Capricorn Egypt Limited	100 per cent.
Horus	SouthEast Horus	50 per cent.	Cheiron (50 per cent.)	Capricorn Egypt Limited	100 per cent.
El Fayium	West El Fayium	50 per cent.	Cheiron (50 per cent.)	Capricorn Egypt Limited	100 per cent.

(C) Goodwill

	2021 US\$m	2020 US\$m
At 1 January	—	—
Goodwill arising on acquisition	25.4	—
At 31 December	25.4	—

Goodwill was tested for impairment at the year end by comparing the fair value less costs of disposal of the assets to the carrying value of assets and liabilities in the Egypt segment, with no impairment arising.

(D) Goodwill arising on acquisition

Goodwill of US\$25.4 million arose on the acquisition of the Egyptian Assets and is recorded on the Balance Sheet in the year. The recognition of goodwill is driven by the recording of deferred tax liabilities on the fair value of assets and liabilities recorded on acquisition.

Goodwill is calculated as follows:

	US\$m
Property, plant & equipment – development/producing assets	390.2
Inventory	9.6
Trade and other receivables	58.1
Joint operation payables	(59.5)
Deferred tax liabilities	(45.8)
Total identifiable assets acquired at fair value	352.6
Cash payable	315.1
Deferred consideration	62.9
Total consideration	378.0
Goodwill	25.4

There are no decommissioning liabilities under the concession agreements in Egypt. Trade and other receivables are shown after expected credit loss. The fair value of receivables does not materially differ from the gross contractual amounts receivable.

(E) Consideration and Costs of Acquisition

The cash consideration payable consists of US\$310.1 million settled on completion (including US\$181.4 million drawn under new loan facilities, see section 3.2) and a further US\$5.0 million forecast due on final settlement amounts, to be agreed with the seller. Deferred consideration of US\$62.9 million includes US\$61.1 million which is the fair value, at the date of completion, of deferred consideration of up to US\$100.0 million which is payable based on future oil prices. The value of this deferred consideration has been obtained using Level 2 valuations. At the year end, the fair value of this deferred consideration had increased to US\$68.2 million, with the fair value loss of US\$7.2 million charged against profit for the year.

The remaining US\$1.8 million of further deferred consideration relates to the fair value contingent payments of up to US\$40.0 million due on future exploration success on short-term exploration wells. Given the risk profile of exploration drilling the fair value at acquisition of this contingent consideration is low. This fair value is determined using Level 3 valuations.

At 31 December 2021, the total liability for deferred consideration was US\$70.0 million, with US\$20.9 million due within one year and US\$49.1 million due after one year.

Acquisition costs of US\$4.9 million are included within administration and other expenses charged to the Income Statement.

(F) Impact on Profit for the Year

The Capricorn Group's profit has reduced by US\$6.7 million as a result of the loss on the Egypt business from acquisition to 31 December 2021, see note 4.1.

Had the full year's results of the Egypt business been included in the Capricorn Group's results to 31 December 2021, the Capricorn Group profit for the year would have increased by US\$22.5 million.

(G) Sensitivity analysis

The fair value of assets recognised on acquisition is based on the net present value of discounted future cash flows using corporate assumptions noted earlier in this section. Capricorn have performed sensitivity analysis to changes to the Capricorn Group's long-term oil price, discount rate and inflation assumptions which would impact the value of the fair value of the assets recorded.

Increasing the Capricorn Group's long-term oil price assumption from US\$55/bbl unescalated to US\$60/bbl unescalated, US\$65/bbl unescalated and US\$70/bbl unescalated would increase the fair value of assets recognised on acquisition to US\$411.5 million, US\$431.0 million and US\$449.5 million respectively. Increasing the Capricorn Group discount rate assumption from 10% to 11% and 12% would reduce the value of assets recognised to US\$381.7 million and US\$373.6 million respectively. Increasing the Capricorn Group inflation rate assumption from 4% to 5% and 6% would reduce the fair value of assets recognised to US\$379.4 million and US\$368.3 million respectively. Reducing the inflation rate assumption to 3% would increase the fair value of assets recognised to US\$400.7 million.

2.3 Gross Profit: Revenue and Cost of Sales

(A) Accounting policies

(i) Revenue

Revenue from oil sales represents the Capricorn Group's share of sales from its producing interests acquired in Egypt, at the point in time when ownership of the oil has passed to the buyer. On domestic sales, the point of sale is determined to be the point when oil is delivered to the communal storage tanks in the onshore facilities. Sales relating to the export of oil are recognised once the cargo is fully loaded onto a crude tanker and the necessary export documentation received. Revenue is measured using the monthly average Brent oil price, plus or minus the applicable price differential premium or discount to reach the Official Selling Price, and is recorded at fair value including expected adjustments to entitlement.

Revenue from the sale of gas in Egypt is recorded based on the volume of gas accepted each day by customers at the delivery point. Gas prices are fixed as per the sales contract.

Revenue from royalties is calculated on production from fields in Mongolia.

(ii) Other income – tax entitlement volumes

Under the concession agreements in Egypt, income tax due on taxable profit is paid on Capricorn's behalf by EGPC. To achieve this through the agreements, Capricorn notionally receive a greater share of hydrocarbon production in excess of the Capricorn Group's entitlement interest share of production equal to the amount required to cover the tax payable. The oil is produced and sold on Capricorn's behalf and proceeds remitted to the tax authorities. This income falls outwith the definition of revenue and is therefore shown as other income with an equal and opposite tax charge recorded through current taxation.

(iii) Commodity price hedging

Capricorn may hedge oil production for the Capricorn Group's assets in line with hedging policies approved by the Board. Where a hedging instrument has been formally designated as a hedge for hedge accounting, changes in the intrinsic value of the hedged item and the time value of the option are recognised within Other Comprehensive Income (where the hedge is effective) based on fair value and are reclassified to the income statement when the hedged production itself affects profit or loss. Hedge effectiveness is assessed on a prospective basis at commencement and throughout the life of the option. Any hedge ineffectiveness identified is immediately charged to the Income Statement.

A change in the fair value of an option that is either not designated as a hedging instrument for hedge accounting or does not qualify for hedge accounting is recognised in the Income Statement either at inception or at the point the option no longer qualifies as a hedging instrument.

(iv) Cost of sales and inventory

Production costs include Capricorn's share of costs incurred by the joint operations in extracting oil and gas. Also included are marketing and transportation costs and loss-of-production insurance costs payable over the year.

Oil inventory is measured at market value in accordance with established industry practice.

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 (restated) US\$m
Oil sales	41.3	–
Gas sales	14.9	–
Revenue from oil and gas sales	56.2	–
Royalty income	0.9	0.4
Total revenue	57.1	0.4
Other Income – Tax entitlement volumes	7.3	–
Other Income	7.3	–
Production costs and inventory movements	(20.5)	–
Cost of sales	(20.5)	–
Depletion (note 2.4)	(31.2)	–
Gross profit	12.7	0.4

(B) Revenue

Capricorn receives oil and gas revenue from eight producing concessions in Egypt, based on an entitlement interest. Payment terms are within 30 days from the date of the invoice for oil sales and 45 days from the date of the invoice for gas sales.

Oil and gas revenue in Egypt from acquisition on 24 September 2022 to 31 December 2022 was US\$56.2 million, from net entitlement production of 1.4 mmboe of which approximately 38 per cent. was liquids. Oil sales averaged US\$77.8/boe and gas sales averaged US\$2.9/mcf. Other income represents tax paid on Capricorn's behalf by EGPC, see section 5.

Production costs over the period were US\$20.5 million, or US\$6.0/boe (on a WI basis).

2.4 Intangible Exploration/Appraisal Assets

(A) Accounting policy

Capricorn follows a successful efforts accounting policy for oil and gas assets.

Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Income Statement as pre-award costs.

Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence-by-licence basis. Costs are held, undepleted, within intangible exploration/appraisal assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered and a field development plan approved.

Exploration expenditure incurred in the process of determining oil and gas exploration targets and other non-well specific exploration costs are expensed to the income statement as incurred. Costs specific to an exploration well are capitalised initially within intangible exploration/appraisal assets. Costs are recognised following a cost accumulation model where any contingent future costs on recognition of an asset are recognised only when incurred. This includes where Capricorn has entered into a 'farm-in' agreement to either acquire or part-dispose of an exploration interest.

A farm-in is an agreement in which a party agrees to acquire from one or more of the existing licencees an interest in an exploration licence, for a consideration which may consist of the performance of a specified work obligation on behalf of the existing licencees. This obligation may be subject to a monetary cap. Refund of full or partial costs incurred to date may also be included in a farm-in agreement. Where Capricorn has part-disposed of an exploration licence interest through a farm-in arrangement, a 'farm-down', the contingent consideration payable by the third party on Capricorn's behalf is not recognised in the Capricorn Group HFI. The future economic benefit which Capricorn will receive as a result of the farm-down will be dependent upon future success of any exploration drilling.

Exploration/appraisal drilling costs are capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure of each exploration/appraisal effort is judged on a well-by-well basis. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial and work to confirm the commercial viability of such hydrocarbons is intended to be carried out in the foreseeable future. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the income statement.

Following appraisal of successful exploration wells, if commercial reserves are established and technical feasibility for extraction demonstrated and approved in a field development plan, then the related capitalised intangible exploration/appraisal costs are transferred into a single field cost centre within property, plant & equipment – development/producing assets, after testing for impairment (see below).

Proceeds from the disposal or farm-down of part or all of an exploration/appraisal asset are credited initially to that interest with any excess being credited to the income statement.

(B) Impairment

Intangible exploration/appraisal assets are reviewed regularly for indicators of impairment and tested for impairment where such indicators exist. An indicator that one of the Capricorn Group's assets may be impaired is most likely to be one of the following:

- there are no further plans to conduct exploration activities in the area;
- exploration drilling in the area has failed to discover commercial reserve volumes;
- changes in the oil price or other market conditions indicate that discoveries may no longer be commercial; or
- development proposals for appraisal assets in the pre-development stage indicate that it is unlikely that the carrying value of the exploration/appraisal asset will be recovered in full.

In such circumstances the intangible exploration/appraisal asset is allocated to any property, plant & equipment – development/producing assets within the same CGU and tested for impairment. Any impairment arising is recognised in the income statement for the year. Where there are no development assets within the CGU, the excess of the carrying amount of the exploration/appraisal asset over its recoverable amount is charged immediately to the income statement.

	Egypt US\$m	Eastern US\$m	Western US\$m	Other Capricorn Energy Group US\$m	Total US\$m
Cost					
At 1 January 2020	–	–	60.3	110.7	171.0
Additions	–	–	51.7	–	51.7
Unsuccessful exploration costs	–	–	(64.1)	–	(64.1)
Disposals	–	–	–	(110.7)	(110.7)
At 31 December 2020	–	–	47.9	–	47.9
Additions	0.2	–	37.0	–	37.2
Unsuccessful exploration costs	(0.2)	–	(19.4)	–	(19.6)
Disposals	–	–	(36.1)	–	(36.1)
At 31 December 2021	–	–	29.4	–	29.4
Impairment					
At 1 January 2020 and 31 December 2020	–	–	36.0	–	36.0
Charge for the year	–	–	8.0	–	8.0
Disposals	–	–	(36.0)	–	(36.0)
At 31 December 2021	–	–	8.0	–	8.0
Net book value					
At 31 December 2019	–	–	22.1	110.7	132.8
At 31 December 2020	–	–	11.9	–	11.9
At 31 December 2021	–	–	21.4	–	21.4

Additions to intangible exploration/appraisal assets were funded through cash and working capital. Capricorn completed the sale of its Norwegian business in February 2020 and disposed of its 40 per cent. working interest in its Senegal exploration assets in December 2020, see note 6.1.

(i) *Western*

Additions in 2021 of US\$37.0 million include US\$22.0 million in Mexico and US\$15.0 million in the UK.

In Mexico, Capricorn completed the simultaneous farm-down of a 15% interest in Block 9 and farm-in of an equivalent 15% interest in Block 10, effectively creating a swap. On completion of the transactions, Capricorn paid back-costs and interim-period adjustments on Block 10 which are included within total additions of US\$22.0 million and include costs of the Sayulita-1 exploration and Saasken-2 appraisal wells that were drilled. Unsuccessful exploration costs of US\$4.8 million were charged to the income statement for Block 10 following the unsuccessful Saasken-2 appraisal well. The impairment on Block 9 is discussed below. The closing balance carried for Mexico exploration assets of US\$17.2 million relates to Block 10.

In the UK, additions during the year of US\$15.0 million were incurred on the Jaws (P2380 licence) and Diadem (P2379 licence) prospects. Unsuccessful exploration costs charged to the Income Statement of US\$14.6 million were on the Jaws (P2380) licence, where the well completed early 2022 and proved unsuccessful. Historic exploration costs within the Catcher development area of US\$36.0 million, which were previously fully impaired, were disposed of with the sale of the producing asset. The closing net book value of the UK portfolio of exploration assets is US\$4.2 million relating to the planned Diadem exploration well.

(ii) Impairment review

At the year end, Capricorn reviewed its remaining intangible exploration/appraisal assets for indicators of impairment. In Mexico, the Saasken-2 appraisal well did not encounter hydrocarbons and as a result a possible Saasken extension into neighbouring Block 9 was reclassified from contingent resources to prospective resources, indicating possible impairment. Following impairment testing, the remaining costs capitalised of US\$8.0 million were impaired in full. No indicator of impairment was identified on any of the Capricorn Group's remaining exploration/appraisal assets.

2.5 Property, Plant & Equipment – Development/Producing Assets

(A) Accounting policy

(i) Costs

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated and a development plan approved are capitalised within development/producing assets on a field-by-field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any remaining costs associated with the part replaced are expensed.

Costs of borrowings relating to the ongoing construction of development/producing assets and facilities are capitalised during the development phase of the project. Capitalisation ceases once the asset is ready to commence production.

Net proceeds from any disposal, part disposal or farm-down of development/producing assets are credited against the appropriate portion of previously capitalised cost. A gain or loss on disposal of a development/producing asset is recognised in the Income Statement to the extent that the net proceeds, measured at fair value, exceed or are less than the appropriate portion of the net capitalised costs.

(ii) Depletion and amortisation

Depletion is charged on a unit-of-production basis, based on proved and probable reserves on a field-by-field basis. Fields within a single development area may be combined for depletion purposes. Where production commences prior to completion of the development, costs to be depleted include the costs-to-complete of the facility required to extract the volume of reserves recorded. Amortisation charged on right-of-use leased assets is also charged on a unit-of-production basis, based on proved and probable reserves.

(iii) Impairment

Development/producing assets are reviewed for indicators of impairment at the balance sheet date. Indicators of impairment for the Capricorn Group's development assets include:

- downward revisions of reserve estimates;
- increases in cost estimates for development projects; or
- a decrease in the oil price or other negative changes in market conditions.

Impairment tests are carried out on each development/producing asset at the balance sheet date where an indicator of impairment is identified. The test compares the carrying value of an asset to its recoverable amount based on the higher of its fair value less costs of disposal or value in use. Where the fair value less costs of disposal supports the carrying value of the asset, no value-in-use calculation is performed.

If it is not possible to calculate the fair value less costs of disposal of an individual asset, the fair value less costs of disposal is calculated for the CGU containing the asset and tested against the carrying value of the assets and liabilities in the CGU for impairment. Where an asset can be tested independently for impairment, this test is performed prior to the inclusion of the asset into a CGU for further impairment tests.

If the carrying amount of the asset or CGU exceeds its recoverable amount, an impairment charge is made.

Where there has been a charge for impairment in an earlier period that charge will be reversed in a later period where there has been a change in circumstances to the extent that the recoverable amount is higher than the net book value at the time. In reversing impairment losses, the carrying amount of the asset will be increased to the lower of its original carrying value or the carrying value that would have been determined (net of depletion) had no impairment loss been recognised in prior years.

(iv) Decommissioning

At the end of the producing life of a field, costs are incurred in plugging and abandoning wells, removing subsea installations and decommissioning production facilities. Capricorn recognises the full discounted cost of decommissioning as an asset and liability when the obligation to rectify environmental damage arises. The decommissioning asset is included within property, plant & equipment – development/producing assets with the cost of the related installation. The liability is included within provisions.

Revisions to the estimated costs of decommissioning which alter the level of the provisions required are also reflected in adjustments to the decommissioning asset. The amortisation of the asset is calculated on a unit-of-production basis based on proved and probable reserves. The amortisation of the asset is included in the depletion charge in the Income Statement and the unwinding of discount of the provision is included within finance costs.

	Egypt US\$m	UK Producing Assets US\$m	UK producing right-of-use leased assets US\$m	Senegal US\$m	Total US\$m
Cost					
At 1 January 2020	–	1,138.7	316.3	378.8	1,833.8
Additions	–	35.6	–	223.2	258.8
Increase in decommissioning asset	–	3.4	–	–	3.4
Disposals	–	–	–	(602.0)	(602.0)
At 31 December 2020	–	1,177.7	316.3	–	1,494.0
Acquisitions through business combinations	390.2	–	–	–	390.2
Additions	14.9	–	–	–	14.9
Disposals	–	(1,177.7)	(316.3)	–	(1,494.0)
At 31 December 2021	405.1	–	–	–	405.1
Depletion, amortisation and impairment					
At 1 January 2020	–	350.3	78.2	–	428.5
Depletion and amortisation charges	–	166.7	49.0	–	215.7
At 31 December 2020	–	517.0	127.2	–	644.2
Depletion charge – continuing operations	31.2	–	–	–	31.2
Depletion and amortisation charges – discontinuing operations	–	27.1	8.2	–	35.3
Disposals	–	(544.1)	(135.4)	–	(679.5)
At 31 December 2021	31.2	–	–	–	31.2
Net book value					
At 31 December 2019	–	788.4	238.1	378.8	1,405.3
At 31 December 2020	–	660.7	189.1	–	849.8
At 31 December 2021	373.9	–	–	–	373.9

Development/producing asset costs held at the year end in Egypt represents the assets acquired through the business combination in the year, see note 2.1, and subsequent expenditure on development activities across the concessions.

The acquisition was funded through a combination of cash and borrowings, with further deferred consideration due on future oil prices. Subsequent additions on development activity were funded through cash and working capital.

In Egypt, depletion of US\$31.2 million was charged to the Income Statement based on entitlement interest production from 24 September 2021 to the end of the year. The costs for depletion include future capital costs-to-complete consistent with the life-of-field reserve estimates used in the calculation.

(B) Disposals

On 8 March 2021, Capricorn entered into an agreement to sell its entire interests in the UK Catcher and Kraken producing assets. The sale completed on 2 November 2021, see section 6. Assets were re-classified as held-for-sale on 8 March 2021. US\$35.3 million of amortisation and depletion charges were recorded on the assets prior to re-classification. No further depletion or amortisation is charged after this date.

In 2020, Capricorn disposed of its development asset in Senegal, see section 6.

(C) Impairment review

A review for indicators of impairment conducted on the Capricorn Group's Egyptian assets at the year end did not identify such indicators and therefore no impairment test was performed.

2.6 Provisions – Decommissioning and Well abandonment

	Exploration well abandonment US\$m	Development/ Producing assets US\$m	Total US\$m
At 1 January 2020	1.4	139.8	141.2
Foreign exchange	0.1	4.9	5.0
Unwinding of discount – discontinued operations	–	2.9	2.9
Provided in the year	0.7	3.4	4.1
At 31 December 2020	2.2	151.0	153.2
Foreign exchange	–	2.8	2.8
Unwinding of discount – discontinued operations	–	0.1	0.1
Released on disposal (note 6.3)	–	(153.9)	(153.9)
At 31 December 2021	2.2	–	2.2

The well abandonment provision at 31 December 2021 represents the present value of costs related to P1632, the Tybalt licence. The cost provided is based on the operator's assumption that the plug and abandonment operation is performed in a campaign with a well intervention vessel, rather than drilling rig, and that there are no trapped pressures in the temporarily abandoned sections. There have been no revisions to the cost estimate during the period.

The decommissioning provision of US\$153.9 million for the UK Producing Assets was fully released after the sale of the assets on 2 November 2021.

2.7 Capital Commitments

	At 31 December 2021 US\$m	At 31 December 2020 US\$m
Oil and gas expenditure:		
Intangible exploration/appraisal assets	49.9	37.9
Property, plant & equipment – development/producing assets	93.7	7.9
Contracted for	143.6	45.8

Capital commitments represent Capricorn's share of obligations in relation to its interests in joint operations. These commitments include Capricorn's share of the capital commitments of the joint operations themselves.

The capital commitments for intangible exploration/appraisal assets include US\$5.3 million (2020: US\$nil) in Egypt, US\$33.6 million (2020: US\$25.0 million) for operations in the UK and US\$11.1 million (2020: US\$12.9 million) for commitments in Mexico.

As at 31 December 2021, the capital commitments for property, plant & equipment – development/producing assets were solely related to Egypt operations.

As at 31 December 2020, Capricorn had US\$6.0 million of commitments relating to short-term leases. These amounts are also included in the total of capital commitments shown above. There were no short-term lease commitments at the 2021 balance sheet date.

3. Section 3 – Working Capital, Financial Instruments and Long-term Liabilities

This section includes detail on the Capricorn Group's loan facilities, movements in lease liabilities and financial assets and liabilities at the year-end. The Capricorn Group's financial risk management objectives and policies are also contained in this section.

Significant accounting judgements and Key Estimates and Assumptions in this section:

(A) India Tax Refund receivable

The Capricorn Group has recorded the tax refund due from India as a receivable at the year end, see note 1.4.

(B) Financial assets at Fair value through profit or loss – Earn-out consideration

Under the sales agreement for the disposal of the Capricorn Group's UK Producing Assets, Capricorn is entitled to earn-out consideration from the purchaser calculated on a share of future production through to 2025 on revenue in excess of US\$52/bbl. The earn-out consideration is dependent on minimum annual future production levels being achieved. Capricorn have obtained market values for the oil price option and risk-adjusted for the likelihood of the minimum production levels being met. Based on the Capricorn Group's production forecasts, Capricorn consider it highly probable that future production levels will be achieved and this degree of confidence is reflected in the discount applied.

3.1 Cash and Cash Equivalents

	At 31 December 2021 US\$m	At 31 December 2020 US\$m
Cash at bank	84.8	4.3
Money market funds	229.3	565.3
	314.1	569.6

Cash and cash equivalents earn interest at floating rates. Short-term investments are made for varying periods, which can be as short as instant access but generally not more than three months, depending on the cash requirements of the Capricorn Group.

At 31 December 2020 and 2021 Capricorn invested surplus funds into money market funds.

Capricorn limits the placing of funds and other investments to banks or financial institutions that have ratings of A- or above from at least two of Moody's, Standard & Poor's or Fitch, unless a sovereign guarantee is available from a AAA- rated government. The counterparty limits vary between US\$50.0 million and US\$200.0 million depending on the ratings of the counterparty. No investments are placed with any counterparty with a five-year credit default swap exceeding 250 bps. Investments in money market liquidity funds are only made with AAA rated liquidity funds and the maximum holding in any single fund is 20 per cent. of total investments.

3.2 Loans and Borrowings

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 US\$m
Reconciliation of opening and closing liabilities to cash flow movements:		
Opening liabilities	–	–
Loan advances in the year disclosed in the Cash Flow Statement:		
Capricorn Acquisition Senior RBL Facility	141.4	–
Junior Debt Facility	40.0	–
RBL facility	–	100.0
Senegal Bridge facility	–	39.6
	181.4	139.6
Loan repayments in the year disclosed in the Cash Flow Statement:		
RBL facility	–	(100.0)
Senegal Bridge facility	–	(39.6)
	–	(139.6)
Other movements in Cash Flow Statement:		
Debt arrangement fees	(4.6)	(5.3)
Non-cash movements:		
Amortisation of debt arrangement fees	0.2	6.3
Transfer of unamortised arrangement fees from prepayments	–	(8.5)
Transfer of unamortised arrangement fees to prepayments	–	7.5
Closing liabilities	177.0	–
Amounts due less than one year	10.9	–
Amounts due greater than one year	166.1	–
Closing liabilities	177.0	–

(A) RBL

The Capricorn Group's RBL facility was cancelled in October 2021. The facility was undrawn at 31 December 2020 and throughout the current period to cancellation. Remaining unamortised fees relating to the facility, transferred to prepayments in 2020, were charged to the income statement on cancellation.

(B) Capricorn Egypt Debt Facilities

On 24 June 2021, Capricorn Egypt Limited entered into a US\$325.0 million Capricorn Acquisition Senior RBL Facility and an US\$80.0 million Junior Debt Facility jointly with a subsidiary of the joint operation partner in Egypt, Cheiron Oil & Gas Limited, to finance the acquisition of the Egyptian Western Desert Portfolio. The facility commitments are split 50/50 with Cheiron Oil & Gas Limited. An accordion feature on the Capricorn Acquisition Senior RBL Facility permits additional future commitments of up to US\$200 million subject to the amortisation of investor commitments. The maximum drawdown available to Capricorn at 31 December 2021 was US\$141.4 million for the Capricorn Acquisition Senior RBL Facility and US\$40.0 million for the Junior Debt Facility.

Interest on debt drawn is charged at the appropriate LIBOR (or the applicable reference bank rate for US\$ after the discontinuation of LIBOR) for the currency drawn plus an applicable margin for both facilities. The facilities remain subject to biannual redeterminations, contain certain covenants and are cross-guaranteed by Capricorn Egypt and Cheiron Oil & Gas Limited, including as to obligations owed by the other borrowers. The obligations under these facilities are joint and several as between Capricorn Egypt and Cheiron Oil & Gas Limited. The parties have agreed in the JMA to indemnify each

other in respect of any liability borne by a party in excess of their 50 per cent. obligation under the Capricorn Acquisition Senior RBL Facility or the Junior Debt Facility. Any debt drawn is repayable in line with the amortisation of bank commitments over the period from September 2022 to the extended final maturity date of September 2026 (in the case of the Capricorn Acquisition Senior RBL Facility) or September 2028 (in the case of the Junior Debt Facility). All drawings in the year were denominated in US\$.

(C) Senegal Bridge Facility

The Senegal Bridge facility was drawn from September to December 2020, then repaid in full and cancelled on 23 December 2020 after proceeds were received from the sale of Senegal assets.

3.3 Lease Liabilities

Accounting policy

Lease liabilities are measured and recorded on commencement of the asset being brought into use. Measurement is based on the lower of fair value of the asset or the net present value of fixed lease commitments under the contract. Lease payments made in excess of the fixed instalments are charged direct to the Income Statement as variable lease costs.

Lease payments are allocated between capital and interest based on the rate implicit in the lease agreement. Where this is not practical to determine, the Capricorn Group's incremental borrowing rate is used.

Where there are changes subsequent to initial recognition, adjustments are made to both the lease liability and the capitalised asset. The interest rate used where the rate implicit in the lease is not determinable is updated at the date of the remeasurement.

No lease liability is recognised for leases where the period over which the right-of-use of an asset is obtained is forecast to be less than 12 months. Leases for low value items are not recorded as a liability but are charged as appropriate when the benefit is obtained.

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 US\$m
Reconciliation of opening and closing liabilities to cash flow movements:		
Opening lease liabilities	240.0	282.9
Lease payments disclosed in the Cash Flow Statement as financing cash flows:		
Total lease payments	(71.5)	(82.5)
Variable lease payments – discontinued operations (note 6.1)	25.4	23.0
	(46.1)	(59.5)
Other movements in the Cash Flow Statement:		
Reimbursements received from lessors	–	4.0
Non-cash movements:		
Foreign exchange	–	0.3
Reimbursements due transferred from other receivables	–	(1.0)
Lease interest charges – continuing operations (note 4.7)	0.3	0.3
Lease interest charges – discontinued operations	9.4	13.0
Disposals (note 6.3)	(199.9)	–
Closing liabilities	3.7	240.0
Amounts due less than one year:		
Tangible development/producing assets – right-of-use assets	–	40.9
Other property, plant & equipment – right-of-use assets	2.4	2.3
	2.4	43.2
Amounts due greater than one year:		
Tangible development/producing assets – right-of-use assets	–	193.1
Other property, plant & equipment – right-of-use assets	1.3	3.7
	1.3	196.8
Total lease liabilities	3.7	240.0

Variable lease costs relating to discontinued operations are disclosed in note 6.1. Amortisation charges on right-of-use assets relating to property, plant & equipment – development/producing assets are disclosed in note 2.4. Amortisation charges on other right-of-use assets are disclosed in note 4.1. Costs relating to short-term leases and leases of low value assets relating to exploration and development activities are disclosed in notes 2.3 and 2.4 where material. There are no further material short-term leases or charges for leases of low value assets. The maturity analysis for lease liabilities is disclosed in note 3.10. The carrying value of right-of-use assets included in other property, plant & equipment is US\$3.1 million (2020: US\$5.2 million). Following the disposal of the UK Producing Assets there is no right-of-use development/producing assets at 31 December 2021 (2020: carrying value of US\$189.1 million) (note 2.4).

3.4 Inventory

Accounting policy

Inventories of oil and condensate held at the balance sheet date are valued at net realisable value based on the estimated selling price in accordance with established industry practice.

Inventories of spare parts which are either not allocated to a specific oil and gas licences or held solely for production-related activities are held at the lower of cost and net realisable value.

	31 December 2021 US\$m	31 December 2020 US\$m
Spare parts – Egypt concessions	10.8	–
Oil inventory – UK Producing Assets	–	12.3
	10.8	12.3

Spare parts inventories in Egypt are maintained by Bapetco on behalf of the operator Cheiron. Inventory is held at net realisable value, based on cost less provisions for obsolescence, based on the age of the items held.

Oil inventories were included in the sale of the UK Producing Assets, see section 6.

3.5 Trade and Other Receivables

Accounting policy

Trade receivables represent amounts due from the sale of oil and gas from the Capricorn Group's assets in Egypt, acquired during 2021, royalty payments receivable from producing fields in Mongolia and previously from oil and gas sales from UK Producing Assets disposed of during 2021. Other receivables primarily represent recharges to joint operations. Joint operation receivables relate to Capricorn's interest in its oil and gas joint arrangements, including Capricorn's participating interest share of the receivables of the joint arrangements themselves.

Trade receivables, other receivables and joint operation receivables, which are financial assets, are measured initially at fair value and subsequently recorded at amortised cost.

A loss allowance is recognised, where material, for expected credit losses on all financial assets held at the balance sheet date. Expected credit losses are the difference between the contractual cash flows due to Capricorn and the discounted actual cash flows that are expected to be received. Where there has been no significant increase in credit risk since initial recognition, the loss allowance is equal to 12-month expected credit losses. Where the increase in credit risk is considered significant, lifetime credit losses are provided. For trade receivables a lifetime credit loss is recognised on initial recognition where material.

Prepayments, which are not financial assets, are measured at historic cost.

	At 31 December 2021 US\$m	At 31 December 2020 US\$m
India tax refund receivable	1,070.7	–
Trade receivables	63.3	16.4
Other receivables	14.0	15.3
Prepayments	7.8	11.1
Joint operation receivables	55.4	31.8
	1,211.2	74.6

The India tax refund receivable of US\$1,070.7 million was settled in February 2022, see note 1.4.

Trade receivables are initially recorded at fair value and subsequently measured at amortised cost. Revenue is recognised at the point in time where title passes to the customer and payment becomes unconditional. The fair value measurement of revenue for oil and gas sales in Egypt includes adjustments to invoiced quantities for expected entitlement share adjustments.

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 (restated) US\$m
Reconciliation of opening and closing receivables to operating cash flow movements:		
Opening trade and other receivables	74.6	111.2
Closing trade and other receivables	(1,211.2)	(74.6)
(Increase)/Decrease in trade and other receivables	(1,136.6)	36.6
Foreign exchange	0.2	(2.2)
India tax refund receivable	1,070.7	–
(Decrease)/Increase in joint operation receivables relating to investing activities	(1.3)	9.2
Increase in other debtors relating to investing activities	0.2	–
Increase in prepayments relating to investing activities	2.7	–
Decrease in prepayments and other receivables relating to financing activities	(7.4)	–
Trade and joint operation receivables derecognised on disposal of the UK assets (note 6.3)	(57.4)	–
Trade and other receivables recognised on purchase of Egypt assets (note 2.1)	58.1	–
Decrease in prepayments and other receivables relating to other non-operating activities	–	(2.2)
Joint operation receivables derecognised on disposal of Senegal assets	–	(24.1)
Decrease in other receivables classified as assets held-for-sale	–	(0.7)
Trade and other receivables movement	(70.8)	16.6

The movements in joint operation receivables relating to investing activities relate to the Capricorn Group's share of the receivables of joint operations in respect of exploration, appraisal and development activities.

3.6 Financial Assets at fair value through profit or loss

	At 31 December 2021 US\$m	At 31 December 2020 US\$m
Non-current assets		
Financial assets at fair value through profit or loss – earn-out consideration	113.5	–
Financial assets at fair value through profit or loss – non-listed investment fund	6.9	–
	120.4	–
Current assets		
Financial assets at fair value through profit or loss – earn-out consideration	75.8	–
Financial assets at fair value through profit or loss – listed equity investments	10.8	5.2
	86.6	5.2

(A) Financial assets at Fair value through profit or loss – Earn-out consideration

Earn-out consideration recorded on disposal of the Capricorn Group's UK Producing Assets was US\$197.4 million. The loss in the fair value of the earn-out consideration from recognition on 2 November 2021, the date of completion of the sale, to the year end of US\$8.1 million is included within discontinued operations, see note 6.1.

(B) Financial assets at Fair value through profit or loss – Investments

During the year, Capricorn invested US\$6.9 million (£5.0 million) into a non-listed trust in India and with a minimum investment period of five years, this is recorded as a non-current financial asset.

Current financial assets represent the Capricorn Group's residual interest in Vedanta Limited. The increase in the value of the Vedanta shareholding of US\$5.6 million is partially offset on the post-acquisition loss of US\$0.1 million on the India trust, giving a net gain of US\$5.5 million for the year through continuing operations.

3.7 Derivative Financial Instruments

	A t 31 December 2021 US\$m	At 31 December 2020 US\$m
Current assets		
Derivative financial instruments – hedge options maturing within one year	–	0.2
Current liabilities		
Derivative financial instruments – hedge options maturing within one year	–	(3.2)

Hedge options

Capricorn had an active commodity price hedging programme in place to protect debt capacity and support committed capital programmes throughout 2021. At 31 December 2021 the final options had matured and there were no outstanding options.

At 31 December 2020 the Capricorn Group had hedged approximately 1.0m barrels of 2021 forecast from Kraken and Catcher oil production, using three-way collar and swap structures. approximately 0.5m barrels of production have been hedged through three-way collars and approximately 0.5m barrels of production hedged through swap options. The three-way collars and swaps were designated as hedges for hedge accounting. Hedge effectiveness is assessed at commencement of the option and prospectively thereafter. On completion of the sale of the assets, the remaining hedges no longer qualified for hedge accounting and the remaining fair value was recycled to the Income Statement.

Effects of hedge accounting on financial position and profit/(loss) for the year	2021 US\$m	2020 US\$m
Financial assets	–	0.2
Financial liabilities	–	(3.2)
Accruals and other payables – accrued option costs	–	(0.5)
Fair value (loss)/gain on hedge options recorded in Other Comprehensive Income	(14.2)	52.2
Hedging loss/(gain) recycled to Income Statement	14.9	(56.0)
Fair value on hedge options recycled on cessation of hedge accounting – discontinued operations (note 6.1)	2.7	–
Hedging (loss)/gain – discontinued operations (note 6.1)	(14.9)	56.0
Hedge options outstanding at 31 December 2020		
Volume of oil production hedged		1.0mmbbls
Weighted average sub-floor price of options		US\$35.00
Weighted average floor price of options		US\$48.27
Weighted average ceiling price of options		US\$55.00
Weighted average strike price of swaps		US\$45.20
Maturity dates		Jan– Dec 2021

Sensitivity analysis was performed at 31 December 2020 on equity movements that would arise from changes in the year end oil price forward curve and the resulting impact on the fair value of open hedge options at the year end. The sensitivity analysis considers only the impact on line items directly relating to hedge accounting (being financial assets and liabilities and fair value gains through Other Comprehensive Income) and not the impact of the change of other balance sheet items where valuation is based on the year end oil price, such as inventory.

Increase/(decrease) in equity	At 31 December 2020 US\$m
Change in year end oil price forward curve	
Decrease of 10 per cent.	8.8
Decrease of 20 per cent.	4.2
Increase of 10 per cent.	(4.3)
Increase of 20 per cent.	(9.2)

3.8 Trade and Other Payables

Accounting policy

Trade and other payables are non-interest bearing and are measured at fair value initially then amortised cost subsequently.

Joint operation payables are payables that relate to Capricorn's interest in its oil and gas joint arrangements, including Capricorn's participating interest share of the trade and other payables of the joint arrangements themselves. Where Capricorn is operator of the joint operation, joint operation payables also include amounts that Capricorn will settle to third parties on behalf of joint operation partners. The amount to be recovered from partners for their share of such liabilities are included within joint operation receivables.

	At 31 December 2021 US\$m	At 31 December 2020 US\$m
Trade payables	1.6	10.6
Other taxation and social security	0.2	1.6
Accruals and other payables	59.5	42.3
Joint operation payables	90.9	37.1
	152.2	91.6

The decrease in trade payables at the balance sheet date compared to the prior year was due to the sale of the UK Producing Assets. The increase in accruals and other payables are mainly due to a balance of US\$20.2 million payable for the ongoing share re-purchase which commenced in 2021, see note 7.2.

Joint operation payables include US\$30.0 million (2020: US\$9.6 million) and US\$0.5 million (2020: US\$5.1 million) relating to exploration/appraisal asset and development/producing asset costs respectively.

The increase in joint operation payables for development/production assets at the balance sheet date compared to the prior year was due to payables of US\$60.3 million at 31 December 2021 relating to the newly acquired production/development assets in Egypt.

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 US\$m
Reconciliation of opening and closing payables to operating cash flow movements:		
Opening trade and other payables	(91.6)	(134.6)
Closing trade and other payables	152.2	91.6
Increase/(Decrease) in trade and other payables	60.6	(43.0)
Foreign exchange	–	(0.6)
Increase in trade payables relating to investing activities	–	(2.2)
(Increase)/Decrease in joint operation payables relating to investing activities	(16.4)	44.3
(Increase)/Decrease in accruals and other payables relating to other non-operating activities	(19.0)	2.1
Decrease in accruals and other payables relating to investing activities	1.2	–
Increase in accruals and other payables relating to financing activities	(0.6)	–
Trade and other payables derecognised on disposal of the UK assets (note 6.3)	22.2	–
Joint operation payables recognised on purchase of Egypt assets (note 2.1)	(59.5)	–
Joint operation payables derecognised on disposal of Senegal assets	–	11.4
Decrease in other payables classified as liabilities held-for-sale	–	(0.4)
Trade and other payables movement recorded in operating cash flows	(11.5)	11.6

Movements above for investing activities relate to exploration, appraisal and development activities through the Capricorn Group's joint operations. Movements relating to production activities are included in amounts through operating cash flows. The movement in accruals and other payables relating to other non-operating activities is in relation to the share re-purchase accrual.

3.9 Deferred Revenue

Accounting policy

Deferred revenue, arising from a streaming agreement, is treated as cash received in advance of future oil sales. Revenue is recorded at the fair value of the consideration received and is amortised to the Income Statement on a unit-of-production basis, based on expected future volumes to which the stream provider is entitled.

FlowStream deferred revenue	2021 US\$m	2020 US\$m
At 1 January	21.7	35.6
Released during the year (note 6.1)	(21.7)	(13.9)
At 31 December	–	21.7
Amounts expected to be released within one year	–	4.8
Amounts expected to be released after one year	–	16.9
	–	21.7

Deferred revenue related to the stream agreement with FlowStream entered into in 2017. In May 2021 Capricorn bought out FlowStream's remaining entitlement to the stream for total consideration of US\$22.7 million, in advance of the sale of the producing assets. Consequently, all remaining deferred revenue of US\$21.7 million has been credited to the income statement in the year and is included within the profit from discontinued operations.

3.10 Financial Instruments

Set out below is the comparison by category of carrying amounts and fair values of all the Capricorn Group's financial instruments that are carried in the Capricorn Group Restated 2021 Financial Statements.

(A) Financial assets

	At 31 December 2021 US\$m	At 31 December 2020 (restated) US\$m
Carrying amount and fair value		
Financial assets at amortised cost		
Cash and cash equivalents	314.1	569.6
Trade receivables	63.3	16.4
Other receivables	14.0	15.3
Joint operation receivables	38.4	15.0
Financial assets at fair value through profit or loss		
Earn-out consideration	189.3	–
Listed equity shares	10.8	5.2
Non-listed investment fund	6.9	–
Derivative financial instruments		
Financial assets – hedge options	–	0.2
	636.8	621.7

Due to the short-term nature of financial assets held at amortised cost, their carrying amount is considered to be the same as their fair value. Joint operations receivable included in note 3.5 include overseas VAT recoverable which is not a financial asset and is not reflected in the balance above. Prior year comparatives have been restated to remove VAT balances of US\$16.8 million incorrectly included in the prior year disclosure. There are no material impairments of financial assets held on the Balance Sheet at either 31 December 2021 or 2020.

(B) Maturity analysis of financial Assets

All financial assets at amortised costs are expected to mature within 12 months. The expected financial maturity of the Capricorn Group's financial assets at fair value through profit or loss at 31 December 2021 was as follows:

	<1 year US\$m	1-2 years US\$m	2-5 years US\$m	>5 years US\$m
Financial assets at fair value through profit or loss				
Earn-out consideration	75.8	53.7	59.8	–
Listed equity shares	10.8	–	–	–
Non-listed investment fund	–	–	6.9	–
	86.6	53.7	66.7	–

At 31 December 2020, all financial assets were expected to mature within 12 months.

(C) Financial liabilities

	At 31 December 2021 US\$m	At 31 December 2020 US\$m
Carrying amount and fair value		
Financial liabilities at amortised cost		
Trade payables	1.6	10.6
Accruals and other payables	59.5	42.3
Joint operation payables	90.9	37.1
Lease liabilities	3.7	240.0
Loans and borrowings	177.0	–
Financial liabilities at fair value		
Deferred consideration on business combinations	70.0	–
Derivative financial instruments		
Financial liabilities – hedge options	–	3.2
	402.7	333.2

The fair value of financial liabilities, other than the deferred consideration and hedge options, has been calculated by discounting the expected future cash flows at prevailing interest rates.

Maturity analysis of financial liabilities

The expected financial maturity of the Capricorn Group's financial liabilities at 31 December 2021 was as follows:

	<1 year US\$m	1-2 years US\$m	2-5 years US\$m	>5 years US\$m
Financial liabilities at amortised cost				
Trade payables	1.6	—	—	—
Accruals and other payables	59.5	—	—	—
Joint operation payables	90.9	—	—	—
Lease liabilities	2.4	1.3	—	—
Loans and borrowings	10.9	47.2	118.9	—
Financial liabilities at fair value				
Deferred consideration on business combinations	20.9	49.1	—	—
	186.2	97.6	118.9	—

The expected financial maturity of the Capricorn Group's financial liabilities at 31 December 2020 was as follows:

	<1 year US\$m	1-2 years US\$m	2-5 years US\$m	>5 years US\$m
Financial liabilities at amortised cost				
Trade payables	10.6	—	—	—
Accruals and other payables	42.3	—	—	—
Joint operation payables	37.1	—	—	—
Lease liabilities	43.2	44.8	89.5	62.5
Financial liabilities – hedge options	3.2	—	—	—
	136.4	44.8	89.5	62.5

(D) Fair value

The Capricorn Group holds hedge options which are held at fair value determined by models which have observable inputs.

Capricorn holds listed equity shares, being the residual shareholding in Vedanta Limited as a financial asset at fair value through profit or loss. The Capricorn Group determines and discloses the fair value by reference to the quoted (unadjusted) prices in active markets for those shares at the measurement date.

	At 31 December 2021 US\$m	At 31 December 2020 US\$m
Assets measured at fair value – Level 1		
Financial assets at fair value through profit or loss		
Listed equity shares	10.8	5.2
Assets measured at fair value – Level 2		
Financial assets at fair value through profit or loss		
Earn-out consideration	189.3	–
Non-listed investment fund	6.9	–
Derivative financial instruments		
Financial assets – hedge options	–	0.2
Liabilities measured at fair value – Level 2		
Financial liabilities at fair value		
Deferred consideration on business combinations	(68.2)	–
Derivative financial instruments		
Financial liabilities – hedge options	–	(3.2)
Liabilities measured at fair value – Level 3		
Financial liabilities at fair value		
Deferred consideration on business combinations	(1.8)	–
	137.0	2.2

3.11 Financial Risk Management: Objectives and Policies

The main risks arising from the Capricorn Group's financial instruments are commodity price risk, liquidity risk, credit risk and foreign currency risk. The Board of Capricorn, through the Treasury Subcommittee, reviews and agrees policies for managing each of these risks and these are summarised below.

The Capricorn Group's treasury function and executive team as appropriate are responsible for managing these risks, in accordance with the policies set by the Board. Management of these risks is carried out by monitoring of cash flows, investment and funding requirements using a variety of techniques. These potential exposures are managed while ensuring that the Company and the Capricorn Group have adequate liquidity at all times in order to meet their immediate cash requirements. There are no significant concentrations of risks unless otherwise stated. The Capricorn Group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

The primary financial assets and liabilities comprise cash, short- and medium-term deposits, money market liquidity funds, listed equity shares, intra-group loans and other receivables and financial liabilities held at amortised cost. The Capricorn Group's strategy has been to finance its operations through a mixture of retained profits, bank borrowings and other production-related streaming agreements. Other alternatives such as equity issues and other forms of non-investment-grade debt finance are reviewed by the Board, when appropriate.

(A) Commodity price risk

Commodity price risk arises principally from the Capricorn Group's Egyptian production, which could adversely affect revenue and debt availability due to changes in commodity prices.

The Capricorn Group measures commodity price risk through an analysis of the potential impact of changing commodity prices. Based on this analysis and considering materiality and the potential business impact, the Capricorn Group may choose to hedge.

Linked to production in the UK North Sea, the Capricorn Group continued to hedge during 2021 in order to protect debt capacity and support committed capital programmes. No hedging of production in Egypt was in place at the year end, though this remains under review with Capricorn.

Transacted derivatives are designated, where possible, in cash flow hedge relationships to minimise accounting income statement volatility. The Capricorn Group is required to assess the likely effectiveness of any proposed cash flow hedging relationship and demonstrate that the hedging relationship is expected to be highly effective prior to entering into a hedging instrument and at subsequent reporting dates.

(B) Liquidity risk

The Capricorn Group closely monitors and manages its liquidity risk using both short- and long-term cash flow projections, supplemented by debt and equity financing plans and active portfolio management. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in asset production profiles and cost schedules.

The Capricorn Group runs various sensitivities on its liquidity position throughout the year. This includes scenarios forecasting a prolonged economic downturn as a result of COVID-19 and further volatility in oil prices. Further details are noted in the Viability Statement provided on page 47 of the Capricorn Group's 2021 Annual Report.

Details of the Capricorn Group's debt facilities can be found in note 3.2. The Capricorn Group is subject to semi-annual forecast liquidity tests as part of the facility agreements.

The Capricorn Group invests cash in a combination of money market liquidity funds and term deposits with a number of international and UK financial institutions, ensuring sufficient liquidity to enable the Capricorn Group to meet its short and medium-term expenditure requirements.

(C) Credit risk

Credit risk arises from cash and cash equivalents, investments with banks and financial institutions, trade and other receivables and joint operation receivables.

Customers and joint operation partners are subject to a risk assessment using publicly available information and credit reference agencies, with follow-up due diligence and monitoring if required. At the year end, the Capricorn Group's trade receivables primarily relates to amounts due from EGPC for oil and gas sales in Egypt. Amounts are recognised after providing for expected credit losses.

Investment credit risk for investments with banks and other financial institutions is managed by the Capricorn Group Treasury function in accordance with the Board-approved policies of Capricorn. These policies limit counterparty exposure, maturity, collateral and take account of published ratings, market measures and other market information. The limits are set to minimise the concentration of risks and therefore mitigate the risk of financial loss through counterparty failure.

It is Capricorn's policy to invest with banks or other financial institutions that, firstly, offer the greatest degree of security in the view of the Capricorn Group and, secondly, the most competitive interest rates. Repayment of principal is the overriding priority and this is achieved by diversification and shorter maturities to provide flexibility. The Board continually re-assesses the Capricorn Group's policy and updates as required.

At the year end the Capricorn Group does not have any significant concentrations of bad debt risk. As at 31 December 2021 the Capricorn Group had investments with 18 counterparties (2020: 13) to ensure no concentration of counterparty investment risk. The increase in the number of counterparties holding investments reflects the Capricorn Group's increased cash balance. At 31 December 2021 and at 31 December 2020 all of these investments were instant access.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

(D) Foreign currency risk

Capricorn manages exposures that arise from non-functional currency receipts and payments by matching receipts and payments in the same currency and actively managing the residual net position.

The Capricorn Group also aims where possible to hold surplus cash, debt and working capital balances in the functional currency of the subsidiary, thereby matching the reporting currency and functional currency of most companies in the Capricorn Group. This minimises the impact of foreign exchange movements on the Capricorn Group's Balance Sheet.

Where residual net exposures do exist and they are considered significant, the Company and Group may from time-to-time opt to use derivative financial instruments to minimise exposure to fluctuations in foreign exchange and interest rates.

The following table demonstrates the sensitivity to movements in the USD:GBP exchange rate, with all other variables held constant, on the Capricorn Group's monetary assets and liabilities. These are considered to be reasonably possible changes for the purposes of sensitivity analysis. The Capricorn Group's exposure to foreign currency changes for all other currencies is not material.

	At 31 December 2021		At 31 December 2020	
	Effect on profit before tax US\$m	Effect on equity US\$m	Effect on profit before tax US\$m	Effect on equity US\$m
10 per cent. increase in GBP to US\$	(18.5)	(2.2)	(24.4)	(18.6)
10 per cent. decrease in GBP to US\$	18.5	2.2	24.4	18.6

4. Section 4 – Income Statement Analysis

This section contains further Income Statement analysis, including segmental analysis, details of employee benefits payable in the year and finance costs.

Significant accounting judgements in this section:

Segmental disclosures and discontinued operations

IFRS 8 'Operating Segments' does not provide guidance as to whether segment disclosures apply to discontinued operations. During the current period, Capricorn has presented segmental disclosures inclusive of the results of the discontinued operations relating to the UK Producing Assets. 2020 comparative information is presented exclusive of Senegal and Capricorn Norway results which are classified within discontinued operations, since they either had little impact or were not included in results reported to the Board.

Effective 1 January 2021, Capricorn restructured its operations and reporting segments following the disposal of the Capricorn Group's operations in Senegal. Revised segments consisted of a UK development and producing asset segment to the point of disposal, containing the Kraken and Catcher producing assets, an Eastern Assets segment for exploration activities in Mauritania, Côte d'Ivoire and Israel, and a Western Assets segment for continuing exploration activities in the UK, Mexico and Suriname. The Egypt segment was added following the acquisition during the year. Comparative information has been restated to reflect these changes.

Key estimates and assumptions in this section:

There are several key estimates and assumptions used in the calculation of the Capricorn Group's share-based payment charges. These are detailed in note 4.5 (b).

4.1 Segmental Analysis

Operating segments

Capricorn's strategy is to create, add and realise value from a balanced portfolio within a self-funding business model. Each business unit is headed by a regional director (a regional director may be responsible for more than one business unit) and the Board monitors the results of each segment separately for the purposes of making decisions about resource allocation and performance assessment.

As noted above, Capricorn had four reporting segments during 2021; Egypt, Eastern assets, Western assets and UK Producing Assets.

The Other Capricorn Energy Group segment exists to accumulate the activities and results of the Parent and other holding companies together with other unallocated expenditure and net assets/liabilities including amounts of a corporate nature not specifically attributable to any of the business units (the "**Other Capricorn Energy Group**").

Non-current assets as analysed on a segmental basis consist of: intangible exploration/appraisal assets; property, plant & equipment – development/producing assets; and other property, plant & equipment and intangible assets.

	At 31 December 2021 US\$m	At 31 December 2020 (restated) US\$m
Geographical information: non-current assets		
Egypt	399.4	–
Mexico	18.2	9.4
UK	4.3	3.9
Western	22.5	13.3
UK Producing Assets	–	849.8
Other Capricorn	4.6	10.1
Total non-current assets	426.5	873.2

The segment results for the year ended 31 December 2021 are as follows:

	Egypt US\$m	Eastern US\$m	Western US\$m	UK Producing Assets US\$m	Other Capricorn Energy Group US\$m	Group adj for segments US\$m	Total US\$m
Revenue	56.2	–	–	411.8	0.9	(411.8)	57.1
Other income	7.3	–	–	–	–	–	7.3
Cost of sales	(20.5)	–	–	(103.8)	–	1.3.8	(20.5)
Depletion and amortisation charges	(31.2)	–	–	(35.3)	–	35.3	(31.2)
Gross Profit	11.8	–	–	272.7	0.9	(272.7)	12.7
Pre-award costs	(0.9)	–	(1.7)	–	(13.2)	–	(15.8)
Unsuccessful exploration costs	(0.2)	–	(19.4)	–	–	–	(19.6)
Impairment of intangible exploration/appraisal assets	–	–	(8.0)	–	–	–	(8.0)
Impairment of disposal group property plant & equipment – development/producing assets	–	–	–	(56.0)	–	56.0	–
Other operating income	–	–	23.5	–	0.6	–	24.4
General exploration and evaluation expenses	(6.4)	(12.2)	(24.2)	–	–	–	(42.8)
Depreciation – purchased assets	–	–	(0.1)	–	(0.2)	–	(0.3)
Amortisation – right-of-use assets	–	–	(0.1)	–	(1.9)	–	(2.0)
Amortisation of other intangible assets	(0.1)	–	(0.2)	–	(4.5)	–	(4.8)
Other administrative expenses	(0.1)	–	(05.)	–	(50.5)	–	(51.1)
Operating profit/(loss)	4.1	(12.2)	(30.7)	216.7	(68.8)	(216.7)	(107.6)
Exceptional income – India tax refund	–	–	–	–	1,070.7	–	1,070.7
Fair value loss – deferred consideration	(7.2)	–	–	–	–	–	(7.2)
(Loss)/Gain on financial assets at fair value through profit or loss	–	–	–	(8.1)	5.5	8.1	5.5
Finance income	–	–	(0.7)	–	5.2	–	4.5
Finance costs	(3.1)	–	(54.7)	(9.8)	(11.1)	9.8	(68.9)
(Loss)/Profit before tax from continuing operations	(6.2)	(12.2)	(886.1)	198.8	1,001.5	(198.8)	892.8
Tax charge	(4.2)	–	–	–	–	–	(4.2)
(Loss)/Profit for the year from continuing operations	(10.4)	(12.2)	(86.1)	198.8	1,001.5	(198.8)	892.8
Loss on disposal of discontinued operations	–	–	–	(173.8)	–	173.8	–
Profit from discontinued operations	–	–	–	–	–	25.0	25.0
(Loss)/Profit attributable to equity holders of the Parent	(10.4)	(12.2)	(86.1)	(25.0)	1,001.5	–	917.8
Balances as at 31 December 2021:							
Capital expenditure	430.8	–	36.7	5.8	1.1	(5.8)	468.6
Total assets	521.7	0.5	245.3	–	1,402.1	–	2,169.6
Total liabilities	367.7	1.9	33.3	–	44.9	–	447.8
Non-current assets	399.4	–	22.5	–	4.6	–	426.5

All revenue from UK Producing Assets is attributable to the sale of oil and gas produced in the UK, from assets that were disposed of on 2 November 2021. Revenue from oil and gas in the Egypt segment, contains revenue generated from eight concessions in the Western Desert, onshore The Arab Republic of Egypt, for the period from 24 September 2021 to 31 December 2021. All revenue related to sales to a single customer.

As at 31 December 2021, the capital expenditure balance in the Egypt segment includes Property, plant & equipment – development/producing assets recognised at the acquisition date of US\$390.2 million. All transactions between segments are carried out on an arm's length basis.

The segment results for the year ended 31 December 2020 were as follows:

	Eastern (restated) US\$m	Western (restated) US\$m	UK Producing Assets (restated) US\$m	Other Capricorn Energy Group (restated) US\$m	Group adj for segments (restated) US\$m	Total (restated) US\$m
Revenue	–	–	394.3	0.4	(394.3)	0.4
Cost of sales	–	–	(115.5)	–	115.5	–
Depletion and amortisation charges	–	–	(215.7)	–	215.7	–
Gross Profit	–	–	63.1	0.4	(63.1)	0.4
Pre-award costs	(1.6)	(3.7)	–	(6.8)	–	(12.1)
Unsuccessful exploration costs	–	(64.1)	–	–	–	(64.1)
Other operating income	–	1.5	–	1.4	–	2.9
Other operating expenses	(21.1)	(17.0)	–	(2.5)	–	(40.6)
Depreciation – purchased assets	–	–	–	(0.1)	–	(0.1)
Amortisation – right-of-use assets	–	(0.2)	–	(1.9)	–	(2.1)
Amortisation of other intangible assets	–	(0.3)	–	(4.9)	–	(5.2)
Other administrative expenses	–	(0.3)	–	(33.4)	–	(33.7)
Operating profit/(loss)	(22.7)	(84.1)	63.1	(47.8)	(63.1)	(154.6)
Gain on fair value of financial assets through profit or loss	–	–	–	(0.1)	–	0.1
Interest income	–	–	–	0.8	–	0.8
Finance costs	–	(0.1)	(23.3)	(27.8)	23.3	(27.9)
(Loss)/Profit before taxation from continuing operations	(22.7)	(84.2)	39.8	(74.7)	(39.8)	(181.6)
Tax charge	–	(0.1)	–	–	–	(0.1)
(Loss)/Profit for the year from continuing operations	(22.7)	(84.3)	39.8	(74.7)	(39.8)	(181.7)
(Loss)/Profit from discontinued operations	–	–	–	(140.5)	39.8	(100.7)
(Loss)/Profit attributable to equity holders of the Parent	(22.7)	(84.3)	39.8	(215.2)	–	(282.4)
Balances as at 31 December 2020:						
Capital expenditure	–	35.5	39.0	236.2	(5.5)	305.2
Total assets	4.2	55.9	892.9	582.9	(0.9)	1,535.0
Total liabilities	3.2	9.9	461.1	36.4	(0.9)	509.7
Non-current assets	–	13.2	849.8	10.1	–	873.1

All revenue from UK producing assets is attributable to the sale of oil and gas produced in the UK. 31.3 per cent. of the Capricorn Group's sales of oil and gas are to a single customer that marketed the crude on Capricorn's behalf and delivered it to the ultimate buyers, prior to a change in the marketing of crude during the second half of 2020.

All transactions between the segments are carried out on an arm's length basis.

4.2 Pre-Award Costs

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 US\$m
Egypt	0.9	–
Eastern	–	1.6
Western	1.7	3.7
Other	13.2	6.8
	15.8	12.1

Pre-award costs represent time costs, legal fees and other direct charges incurred in pursuit of new opportunities in regions which complement the Capricorn Group's current licence interests and risk appetite.

4.3 Other operating income

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 US\$m
Western	23.5	1.5
Other	0.6	1.4
	24.1	2.9

Other operating income of US\$23.8 million relating to Western assets in the year ending 2021 represents proceeds received of the farm-down of Block 9 in Mexico.

4.4 Other operating expenses

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 US\$m
Egypt	6.4	–
Eastern	12.2	21.1
Western	24.2	32.9
Other	–	2.5
	42.8	56.6

(A) Egypt

Operating expenses in Egypt of US\$6.4 million mainly relate to general exploration costs on the North Um Baraka and the three Capricorn operated concessions, South Abu Sennan, West El Fayium and South East Horus.

(B) Eastern

Exploration expenses in the year of US\$12.2 million include US\$7.9 million in Mauritania Block 7, US\$0.9 million in Israel and US\$3.4 million in Côte d'Ivoire.

The remaining two operated licences and the final non-operated licence in Côte d'Ivoire expired in 2021, and Capricorn intend to withdraw from licences in Israel.

(C) Western

Operating expenses in relation to exploration expenses in the Western segment included costs of US\$10.4 million in Mexico, US\$9.3 million in the UK and US\$2.1 million in Suriname.

4.5 Administrative and Other Expenses

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 US\$m
Administrative expenses – recurring departmental expenses and corporate projects	43.4	35.3
Administrative expenses – Indian tax arbitration costs	9.9	5.8
Other expenses – costs incurred on business combination	4.9	–
	58.2	41.1

4.6 Employee Benefits: Staff Costs, Share-Based Payments and Directors' Emoluments

(A) Staff Costs

	Year ended 31 December 2021	Year ended 31 December 2020		
	Continuing operations US\$m	Continuing operations US\$m	Discontinued operations US\$m	Total US\$m
Wages and salaries	33.3	28.5	1.8	303.
Social security costs	3.1	7.4	(1.0)	6.4
Redundancy costs	0.1	0.9	0.2	1.1
Other pension costs	2.7	2.1	0.1	2.2
Share-based payments	10.2	9.1	–	9.1
	49.4	48.0	1.1	49.1

Staff costs are shown gross before amounts recharged to joint operations. The share-based payments charge represents amounts in respect of equity-settled options.

No staff costs were directly associated with discontinued operations in 2021.

The monthly average number of full-time equivalent employees, including Executive Directors and individuals employed by the Capricorn Group working on joint operations was:

	Number of employees	
	Monthly average 2021	Monthly average 2020
Continuing operations:		
UK	178	164
Egypt	1	–
Mexico	7	7
Discontinued operations:		
Norway	–	7
Senegal	–	2
	–	9
	186	180

(B) Share-Based Payments

Income Statement charge

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 US\$m
Included within gross staff costs (continuing operations):		
SIP	1.4	0.7
LTIP	7.3	7.1
Other employee share schemes	1.5	1.3
	10.2	9.1

Details of those awards with a significant impact on the results for the current and prior year are given below, together with a summary of the remaining awards.

Share-based payment schemes and awards details The Capricorn Group operates a number of share award schemes for the benefit of its employees.

The number of share awards made by the Company during the year is given in the table below, together with their weighted average fair value (the “WAFV”) and weighted average grant price (the “WAGP”) or weighted average exercise price (the “WAEP”):

	Year ended 31 December 2021			Year ended 31 December 2020		
	WAFV £	WAGP/ WAEP £	Number of shares	WAFV £	WAGP/ WAEP £	Number of shares
SIP – free shares	1.7	1.70	344,908	1.03	1.03	550,756
SIP – matching shares	1.77	1.77	258,432	1.25	1.25	342,032
LTIP	0.78	1.81	8,102,636	0.67	1.32	8,327,281
Other employee share schemes	0.93	1.81	1,378,373	0.78	1.32	1,173,776
			10,084,349			10,393,845

The awards existing under the LTIP with the WAGP are as follows:

	2021		2020	
	Number of shares	WAGP £	Number of shares	WAGP £
At 1 January	25,817,970	1.72	26,186,465	1.94
Granted during the year	8,102,636	1.81	8,327,281	1.32
Exercised during the year	(1,080,135)	2.07	(1,154,333)	1.82
Lapsed during the year	(3,259,882)	1.92	(7,541,443)	2.03
At 31 December	29,580,589	1.71	25,817,970	1.72

The weighted average remaining contractual life of outstanding awards under the LTIP at 31 December 2021 was 1.0 year (2020: 1.2 years). Included in the above are 1,708,123 of exercisable LTIP awards (2020: 1,386,998). No exercise price is payable in respect of LTIP awards.

The awards existing under all share schemes other than the LTIP with the weighted average of the grant price, exercise price and notional exercise prices are as follows:

	2021		2020	
	Number of shares	WAGP/ WAEP £	Number of shares	WAGP/ WAEP £
At 1 January	10,605,095	1.80	10,129,768	1.93
Consolidation of shares	(476,152)	1.78	–	–
Granted during the year	1,981,713	1.79	2,066,564	1.23
Exercised during the year	(1,238,991)	1.91	(929,045)	1.94
Lapsed during the year	(170,293)	1.70	(662,192)	1.81
At 31 December	10,701,372	1.79	10,605,095	1.80

The weighted average remaining contractual life of outstanding awards under all other schemes at 31 December 2021 was 6.1 years (2020: 6.8 years). Included in the above are 1,753,329 of exercisable ESAS (2020: 1,401,152) and exercisable share options of 2,428,892 (2020: 2,844,905). No exercise price is payable in respect of ESAS; the share options had a range of exercise prices from £1.54 to £1.87.

Assumptions and inputs

The fair value of the Capricorn's LTIP scheme awards and the ESAS share awards were calculated using a Monte Carlo model. Awards in prior years were valued similarly.

Vesting per cent. is by reference to the market performance of the Company's TSR compared with a group of peer companies. Vesting percentages for 2009 LTIP Awards can be above 100 per cent. For the ESAS, 100 per cent. vesting occurs if the Company's TSR is in excess of the median of the comparator group, otherwise the ESAS will lapse in full.

Capricorn's share awards normally have a ten year life from the date of grant. Awards were exercised on a regular basis throughout the year, subject to the normal employee dealing bans imposed by the Company at certain times. The weighted average share price during the year was £1.77 (2020: £1.39).

The main inputs to the models include the number of options, share price, leaver rate, trigger points, discount rate and volatility of share prices of the Company and the comparator group.

- Leaver rate assumptions are based on past history of employees leaving the Company prior to options vesting and are revised to equal the number of options that ultimately vest.

- Trigger points are based on the length of time after the vesting periods for awards in 2021, further details are below.
- The risk-free rate is based on the yield on a zero-coupon government bond with a term equal to the expected term on the option being valued.
- Volatility was determined as the annualised standard deviation of the continuously compounded rates of return on the shares of the Company and of a peer group of similar companies selected from the FTSE, as disclosed in the Directors' remuneration report in Capricorn Group's 2021 Annual Report on page 124, over a three-year period to the date of award.
- No expected dividends were factored into the model as the Company customarily operates a share consolidation scheme which leaves the number of share awards unchanged before and after any dividend.

The following assumptions and inputs apply:

Scheme name	Volatility	Risk free rate per annum	Lapse due to withdrawals per annum
SIP	0 per cent.	0 per cent.	5 per cent.
LTIP	34 per cent.	0.39 per cent.	0 per cent.
	-44 per cent.	- 1.41 per cent.	
ESAS	34 per cent.	0.39 per cent.	5 per cent.
	-44 per cent.	- 1.19 per cent.	

Employee exercise trigger point assumptions

For 2021 awards, the assumption used for the ESAS and the LTIP awards is that Executive Directors and employees will exercise 50 per cent. at the end of the two-year holding period, being the five-year anniversary date, and the remaining 50 per cent. on the six-year anniversary date.

c) Directors' Emoluments and Remuneration of Key Management Personnel

Details of each Director's remuneration, pension entitlements, share options and awards pursuant to the LTIP are set out in the Directors' remuneration report in Capricorn Group's 2021 Annual Report on pages 106 to 139. Directors' remuneration, their pension entitlements and any share awards vested during the year are provided in aggregate in note 7.5.

Remuneration of key management personnel

The remuneration of the Directors of the Company and of the members of the management and corporate teams who are the key management personnel of the Capricorn Group is set out below in aggregate.

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 US\$m
Short-term employee benefits	4.9	6.4
Termination benefits	–	0.2
Post-employment benefits	0.3	0.3
Share-based payments	2.4	2.9
	7.6	9.8

In addition, employer's national insurance contributions for key management personnel in respect of short-term employee benefits were US\$0.7 million (2020: US\$0.9 million).

Share-based payments shown above represent the cost to the Capricorn Group of key management personnel's participation in the Company's share schemes, measured under IFRS 2.

During 2021, 1,244,941 shares awarded to key management personnel vested under the LTIP (2020: 613,791).

4.7 Finance Costs

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 (restated) US\$m
Loan interest and facility fee amortisation	13.7	6.4
Other finance charges	0.2	0.2
Lease interest (note 3.3)	0.3	0.3
Exchange loss	—	21.0
Exchange loss recycled from Other Comprehensive Income	54.7	—
	68.9	27.9

Loan interest and facility fee amortisation include US\$2.8 million (2020: US\$nil) from interest charges relating to the Capricorn Acquisition Senior RBL Facility and the Junior Debt Facility and US\$7.5 million of costs released from prepayments in respect to the Capricorn Group's Reserve-Based Lending facility which was cancelled on completion of the sale of the UK Producing Assets.

The foreign exchange loss recycled from Other Comprehensive Income of US\$54.7 million, relating to historic translation losses, arose on the liquidation of two subsidiaries in 2021. Both subsidiaries were GBP functional and held interests in UK exploration assets. The first subsidiary incurred an exchange loss of US\$39.4 million, relating to an interest in the UK Kraken asset during the exploration phase. The second subsidiary had an exchange loss of US\$15.3 million, having previously held an interest in a UK exploration asset sold several years ago.

4.8 Earnings per Ordinary Share

Basic and diluted earnings per share are calculated using the following measures of profit/(loss):

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 (restated) US\$m
Profit/(loss) and diluted profit/(loss) after taxation from continuing operations	892.8	(182.5)
Profit/(loss) and diluted profit/(loss) attributable to equity holders of the Parent	917.8	(283.2)

The following reflects the share data used in the basic and diluted earnings per share computations:

	Number of Shares 2021 '000	Number of shares 2020 '000
Weighted average number of shares	501,874	589,782
Less weighted average shares held by ESOP and SIP Trusts	(6,709)	(7,041)
Basic weighted average number of shares	495,165	582,741
Potential dilutive effect of shares issuable under employee share plans:		
LTIP awards	10,666	–
Approved and unapproved plans	17	–
Employee share awards	2,874	–
Diluted weighted average number of shares	508,722	582,741
Potentially issuable shares not included above:		
LTIP awards	18,575	25,818
Approved and unapproved plans	2,298	2,845
Employee share awards	2,277	4,620
Number of potentially issuable shares	23,150	33,283

2020 potentially issuable shares were all anti-dilutive due to the loss for the year.

The 2020 weighted average number of shares used in the calculations of earnings per share above has been adjusted to reflect the consolidation of shares which took place in January 2021.

5. Section 5 – Taxation

This section highlights the Capricorn Group's taxation policies, including both the accounting policy and wider strategy and governance policies. Details can also be found on deferred tax liabilities and unrecognised deferred tax assets existing at the year end and the current tax charge recorded on Egypt's taxable profits.

Significant accounting judgements in this section:

(A) Recognition of Deferred tax liabilities and tax charge on profits from Egypt concessions

Under the Egypt concession agreements, each contractor's share of Income Tax due on taxable profit for the year is paid on the contractor's behalf by EGPC. However, the tax liability remains with the contractor to the point of settlement. Therefore, Capricorn has recognised deferred tax liabilities on the temporary taxable difference between the carrying value of non-current assets and their tax written down values. Capricorn also records a tax charge in the period for tax that is payable on the Capricorn Group's share of profits from production in Egypt and records other income to reflect the settlement of this liability on the Capricorn Group's behalf. The other income is recorded in gross profit, see note 2.2.

(B) Deferred taxation – Potential deferred tax assets on Egypt concessions

IAS 12 requires deferred tax assets and liabilities to be recognised on the temporary difference that results from business combinations. Deferred tax assets are offset against deferred tax liabilities within each ring-fenced concession area. Where surplus potential deferred tax assets exist, these are assessed for recognition against the availability of future taxable profits. No such profits were identified and therefore, no deferred tax assets have been recorded on initial recognition of the assets and liabilities acquired through the Egypt business combination. At the year end Capricorn have again reviewed whether deferred tax assets should be recognised and have assessed this both on the availability of future taxable profits over which the assets could be utilised and the carrying value of assets on the Balance Sheet at the year end. It was concluded that no deferred tax asset should be recognised.

Key estimates and assumptions in this section:

In determining whether future taxable profits are available to recognise deferred tax assets, Capricorn uses the same economic models that are used for measuring the fair value of oil and gas assets. The key assumptions are therefore consistent with those detailed in Section 2.

(C) Accounting policy

The total tax charge or credit represents the sum of current tax and deferred tax.

The current tax charge or credit is based on the taxable profit or loss for the year. Taxable profit or loss differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Where there are uncertain tax positions, Capricorn assesses whether it is probable that the position adopted in tax filings will be accepted by the relevant tax authority, with the results of this assessment determining the accounting that follows. If it is not considered probable that the income tax filing position will be accepted by the ITA, the uncertainty is reflected within the carrying amount of the applicable tax asset or liability by using either the most likely amount or an expected value of the tax treatment, depending on which method is considered to better predict the resolution of the uncertainty, based on the underlying facts and circumstances.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Capricorn Group HFI and the corresponding tax bases used in the computation of taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences that exist only where it is probable that taxable profits will be generated against which the carrying value of the deferred tax asset can be recovered.

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint operations where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset or liability is not recognised if a temporary difference arises on initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. However, where the recognition of an asset is associated with an interest in a joint operation, which applies to all of Capricorn's intangible exploration/appraisal assets and property, plant & equipment – development/producing asset additions, and Capricorn is not able to control the timing of the reversal of the temporary difference or the temporary difference is expected to reverse in the foreseeable future, a deferred tax asset or liability shall be recognised.

Current and deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

5.2 Tax Strategy and Governance

The Capricorn Group's tax strategy is fully aligned with its overarching business objectives and principles and applies to all taxes paid or borne by the Capricorn Group. Capricorn aims to be a good corporate citizen, managing its tax affairs in a transparent and responsible manner in all the jurisdictions in which it operates, and seeks to build and maintain open and constructive relationships with all tax authorities. The Capricorn Group is committed to transparency of tax contributions and other payments to governments and supports the Extractive Industries Transparency Initiative. Capricorn reports payments to governments in its annual report and accounts as well as additional voluntary disclosures of taxes paid by the Capricorn Group.

Capricorn undertakes tax planning that supports the business and reflects commercial and economic activity. The Capricorn Group's policy is to not enter into any artificial tax avoidance schemes but to

build and maintain strong collaborative working relationships with all relevant tax authorities based on transparency and integrity. Capricorn aims for certainty in relation to the tax treatment of all items; however, it is acknowledged that this will not always be possible, for example where transactions are complex or there is a lack of maturity in the tax regime in the relevant jurisdiction in which the Capricorn Group is operating. In such circumstances Capricorn will seek external advice where appropriate and ensure that the approach adopted in any relevant tax return includes full disclosure of the position taken. Capricorn may also seek to work directly with tax authorities to resolve uncertainties where the tax laws are unclear or complex.

5.3 Tax Charge on Profit/(Loss) for the Year

Analysis of tax charge on Profit/(loss) for the year

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 US\$m
Current tax charge:		
Overseas corporation taxes	7.3	0.1
Total current tax charge on profit/(loss) from continuing operations	7.3	0.1
Deferred tax credit:		
Deferred tax charge on recognition of financial assets	0.1	–
Deferred tax credit on non-current assets – Egypt	(3.2)	–
Total deferred tax credit on profit/(loss) from continuing operations	(3.1)	–
Total tax charge on profit/(loss) from continuing operations	4.2	0.1

The current tax charge for the year ending 31 December 2021 of US\$7.3 million arises on taxable profit in Egypt from the period from acquisition and is settled by EGPC on the Capricorn Group's behalf.

Factors affecting the tax charge for the year

A reconciliation of the income tax charge applicable to the profit/(loss) before income tax to the UK statutory rate of income tax is as follows:

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 US\$m
Profit/(Loss) before tax from continuing operations	897.0	(181.7)
Profit/(Loss) before tax multiplied by the UK statutory rate of corporation tax of 19 per cent. (2020: 19 per cent.)	170.5	(34.5)
Effect of:		
Special tax rates and reliefs applying to oil and gas activities in the UK	(11.6)	(22.0)
Special tax rates and reliefs applying to oil and gas activities in Egypt	3.0	–
Impact on deferred tax of adjustments in respect of prior years	–	(1.5)
Temporary differences not recognised	26.2	50.6
Permanent items non-deductible	19.6	11.8
Exchange differences	–	(3.9)
India tax refund not subject to tax	(203.5)	–
Total tax charge on profit/(loss) from continuing operations	4.2	0.1

5.3 Tax Charge on Profit/(Loss) for the Year continued

The reconciliation shown above has been based on the average UK statutory rate of corporation tax for 2021 of 19 per cent. (2020: 19 per cent.).

The Finance Act 2021 was enacted on 10 June 2021 and increased the UK main rate of corporation tax from 19 per cent. to 25 per cent. with effect from 1 April 2023. The increased UK rate has been taken into account in computing the UK deferred taxes at the 31 December 2021 balance sheet date and reflected in the Capricorn Group Restated 2021 Financial Statements.

The applicable UK statutory tax rate applying to North Sea oil and gas activities during this period was 40 per cent. (2020: 40 per cent.). The applicable statutory tax rate applying to oil and gas activities in Egypt is currently 40.55 per cent.

Factors affecting tax charge for the year continued

The effect of special tax rates and reliefs applying to oil and gas activities of US\$(22.2) million (2020: US\$(13.8) million) comprises US\$(2.7) million (2020: US\$8.4 million) in respect of differences between the average UK statutory rate and the special rates applying to oil and gas activities in the UK and US\$(2.7) million (2020: US\$(8.4) million) in respect of the UK ring fence expenditure supplement (the “RFES”) claimed in the year.

The Egyptian tax rate is 40.55 per cent.

The effect of temporary differences not recognised of US\$26.2 million (2020: US\$17.0 million) includes:

- a US\$17.0 million (2020: US\$27.7 million) movement in the year predominantly in respect of the unrecognised deferred tax asset on UK ring fence corporation tax losses and supplementary tax charge;
- US\$(0.6) million (2020: US\$nil) movement in the year in respect of unrecognised deferred tax asset on Egypt oil and gas assets and tax losses;
- US\$9.5 million (2020: US\$5.5 million) in respect of UK tax losses and other temporary differences arising in the year on which a deferred tax asset was recognised; and
- US\$0.6 million (2020: US\$17.4 million) unsuccessful exploration costs on which future tax relief is available but the expenditure has been expensed through the Income Statement.

The effect of permanent items non-deductible of US\$19.6 million (2020: US\$11.8 million) includes:

- US\$3.2 million (2020: US\$2.5 million) in respect of lapsed share incentives for which no tax relief is due;
- US\$10.4 million (2020: US\$3.0 million) in respect of non-deductible foreign exchange losses;
- US\$2.9 million (2020: US\$nil) set-up costs in Egypt not deductible for tax purposes;
- US\$2.3 million (2020: US\$2.1 million) in respect of assets written off on closure of operations; and
- US\$0.7 million (2020: US\$4.2 million) of other permanent items non-deductible.

5.4 Deferred Tax Assets and Liabilities

Reconciliation of movement in deferred tax assets/(liabilities):

	Temporary difference in respect of non-current assets US\$m	Losses US\$m	Other temporary differences US\$m	Total US\$m
Deferred tax assets				
At 1 January 2020	(302.5)	232.0	70.5	–
Deferred tax credit/(charge) through the Income Statement	58.0	(45.1)	(12.9)	–
At 31 December 2020	(244.5)	186.9	57.6	–
Deferred tax credit/(charge) through discontinued operations	244.5	(186.9)	(57.6)	–
At 31 December 2021				
Deferred tax liabilities				
At 1 January 2020 and 31 December 2020	–	–	–	–
Deferred tax liabilities recognised on business combinations	(52.5)	6.7	–	(45.8)
Deferred tax (credit)/charge through the Income Statement	0.7	2.5	(0.1)	3.1
At 31 December 2021	(51.8)	9.2	(0.1)	(42.7)

Deferred tax liabilities analysed by country:

	As at 31 December 2021 US\$m	As at 31 December 2020 US\$m
Egypt	(42.6)	–
UK	(0.1)	–
	(42.7)	–

Recognised deferred tax assets

As at the current and previous balance sheet date, no net deferred tax asset has been recognised in the UK as other temporary differences and tax losses are only recognised to the extent that they offset the UK deferred tax liability arising on business combinations and carried interests attributable to UK Ring Fence trading activity, as it is not considered probable that future profits will be available to recover the value of the asset.

The applicable UK statutory tax rate for this period applying to North Sea oil and gas activities of 40 per cent. is made up of Ring Fence Corporation Tax (the “**RFCT**”) of 30 per cent. and Supplementary Charge Tax (the “**SCT**”) of 10 per cent. At the balance sheet date the Capricorn Group has US\$159.3 million RFCT losses which can be offset against RFCT of 30 per cent. on future ring fence trading profits and US\$69.8 million SCT losses which can be offset against SCT of 10 per cent. on future ring fence trading profits.

In 2020 the Capricorn Group had US\$486.3 million of RFCT and US\$409.8 million of SCT losses carried forward to offset against future ring fence trading profits.

A deferred tax asset has been recognised in respect of RFCT losses of US\$8.5 million offsetting in full a deferred tax liability on ring fence temporary differences in respect of non-current assets. No deferred tax asset has been recognised on other ring fence temporary differences of US\$150.9 million (2020: US\$nil) relating to RFCT losses, US\$69.8 million and US\$642.0 million (2020: US\$0.2 million) relating to activated investment allowances, as it is not considered probable that these amounts will be utilised in future periods.

5.4 Deferred Tax Assets and Liabilities continued

Unrecognised deferred tax assets

No deferred tax asset has been recognised on the following as it is not considered probable that it will be utilised in future periods:

	At 31 December 2021 US\$m	At 31 December 2020 US\$m
UK fixed asset temporary differences	30.2	24.3
UK ring fence corporation tax trading losses	150.9	–
UK supplementary charge tax loss	69.8	–
UK other ring fence temporary differences	642.0	153.4
UK non-ring fence trading losses	–	3.7
UK excess management expenses	386.3	331.7
UK non-trade deficits	72.6	79.6
UK temporary differences on share-based payments	30.3	38.5
Egypt fixed asset temporary differences	51.4	–
Egypt ring fence corporation tax trading losses	25.8	–
Mexico tax losses and temporary differences	168.4	174.8
Brazil tax losses	0.6	0.6
Israel temporary differences in respect of non-current assets	2.7	1.7
Mauritania fixed asset temporary differences	29.3	21.0
Suriname fixed asset temporary differences	16.0	13.5

6. Section 6 – Discontinued Operations and Assets and Liabilities Held-For-Sale

6.1 Profit/(Loss) from Discontinued Operations

(A) Sale of Capricorn's interest in the UK Producing Assets

On 8 March 2021, Capricorn agreed to sell its interests in the UK Catcher and Kraken producing assets to Waldorf Production Limited, and following approval from joint operation partners and relevant authorities the sale completed on 2 November 2021.

Assets and liabilities within the transaction perimeter were reclassified as held-for-sale as at 8 March 2021. Comparative information for financial performance of the UK North Sea producing assets has been restated as discontinued operations for the year ended 31 December 2020.

Consideration under the agreement was:

- an initial cash consideration of US\$425.0 million, subject to adjustments for working capital and other customary interim period adjustments from the economic effective date of 1 January 2020;
- further purchaser bonds of US\$30.0 million, sold shortly after completion, and
- additional contingent consideration (the “**earn-out consideration**”) dependent on oil prices from 2021 to the end of 2025 and minimum production levels being achieved, which at 2 November 2021 had a risk-weighted fair value of US\$197.4 million.

At the date of disposal, the interim period and working capital adjustments reduced the consideration due on completion by US\$361.1 million. The interim period adjustments reflect the cash inflows generated from oil and gas sales during the period, offset by outflows on the costs of production, including fixed and variable lease payments, and working capital movements. The total consideration including all adjustments was US\$289.6 million.

The risk-weighted fair value of the contingent consideration as at 31 December 2021 had fallen by US\$8.1 million from the date of completion to US\$189.3 million, see note 3.5.

Impairment tests were conducted on the disposal group as at the date of reclassification as held-for-sale resulting in an impairment charge against the carrying value of the disposal group of US\$56.0 million. The impairment arose principally as a result of the reversal of deferred tax liabilities, previously included within the carrying value of the asset within the impairment test. Following the change of the expected recovery of the assets through disposal rather than through ongoing production, temporary differences on the asset reversed eliminating the deferred tax liability in full. Those deferred tax liabilities were previously offset by a deferred tax asset on non-asset specific tax losses which also reversed on the change in recovery.

(B) Sale of Capricorn Norway

Capricorn's sale of Capricorn Norway to Sval Energi AS completed on 28 February 2020.

The financial performance of the Norwegian subsidiary was presented as discontinued operations in the Capricorn Group 2020 Financial Statements.

(C) Sale of Working Interests in Senegal

Capricorn disposed of its entire 40 per cent. working interest in its Senegal exploration and development assets in December 2020. The financial performance of the Senegal operations was presented as discontinued operations for the year ended 31 December 2020.

The financial performance of the discontinued operations is expanded in the tables below.

	UK producing assets US\$m	Year ended 31 December 2021 US\$m
Revenue	411.8	411.8
Cost of sales	(103.8)	(103.8)
Depletion and amortisation	(35.3)	(35.3)
Gross Profit	272.7	272.7
Impairment of disposal group	(56.0)	(56.0)
Operating profit	216.7	216.7
Loss on financial asset at fair value through profit or loss – earn out consideration	(8.1)	(8.1)
Finance costs	(9.8)	(9.8)
Profit before tax from discontinued operations	198.8	198.8
Taxation	–	–
Profit after tax from discontinued operations	198.8	198.8
Loss on disposal of discontinued operations	(173.8)	(173.8)
Profit from discontinued operations	25.0	25.0

	UK producing assets US\$m	Norway ⁶⁴ US\$m	Senegal ⁶⁵ US\$m	Year ended 31 December 2020 US\$m
Revenue	394.3	–	–	394.3
Cost of sales	(115.5)	–	–	(115.5)
Depletion and amortisation	(215.7)	–	–	(215.7)
Gross Profit	63.1	–	–	63.1
Pre-award costs	–	(1.5)	–	(1.5)
Administrative expenses	–	(0.3)	–	(0.3)
Operating profit/(loss)	63.1	(1.8)	–	61.3
Finance costs	(23.3)	(0.3)	–	(23.6)
Profit/(Loss) before taxation from discontinued operations	39.8	(2.1)	–	37.7
Taxation				
Current tax credit	–	2.4	–	2.4
Deferred tax credit	–	0.2	–	0.2
Profit after tax from discontinued operations prior to disposal	39.8	0.5	–	40.3
Loss on disposal of discontinued operations	–	(38.3)	(102.7)	(141.0)
Profit/(loss) from discontinued operations	(39.8)	(347.8)	(102.7)	(100.7)

⁶⁴ Period ended 28 February 2020.

⁶⁵ Period ended 22 December 2020.

	2021 cents	2020 cents
Earnings per share for profit/(loss) from discontinued operations		
Profit/(Loss) per ordinary share – basic (cents)	5.05	(17.28)
Profit/(Loss) per ordinary share – diluted (cents)	4.91	(17.28)

(D) Loss on disposal of UK Producing Assets

The loss on disposal of the UK Producing Assets on 2 November 2021 is calculated as follows:

	US\$m
Base consideration	425.0
Interim period adjustment	(361.1)
Cost of disposal	(1.7)
Net proceeds	62.2
Purchaser bonds	30.0
Earn-out consideration	197.4
Total net consideration	289.6
Derecognition of assets and liabilities:	
Assets held-for-sale, net of impairment (note 6.3)	(837.0)
Liabilities held-for-sale (note 6.3)	373.6
Loss on disposal of UK North Sea producing assets	(173.8)

Earn-out consideration is included in the loss on sale calculation and recorded on the Balance Sheet as this future income represents consideration receivable from the disposal of a business rather than revenue generated from the sale of an asset, which would fall under IFRS 15.

(E) Gross Profit: Revenue and Cost of Sales

	Year ended 31 December 2021 US\$m	Year ended 31 December 2020 US\$m
Oil sales	405.7	323.7
Gas sales	1.6	0.8
(Loss)/Gain on hedge options designated for hedge accounting (note 3.7)	(14.9)	56.0
Loss on options after cessation of hedge accounting	(2.3)	–
Loss on hedge options not designated for hedge accounting	–	(0.1)
Release of deferred revenue (note 3.9)	21.7	13.9
Revenue from oil and gas sales	411.8	394.3
Production costs	(81.8)	(75.9)
Oil inventory and underlift adjustment	3.4	(16.6)
Variable lease charges	(25.4)	(23.0)
Cost of sales	(103.8)	(115.5)
Depletion and amortisation (note 2.4)	(35.3)	(215.7)
Gross profit	272.7	63.1

During the ten month period until the disposal on 2 November 2021, the UK North Sea production averaged approximately 19,000 boepd (twelve months to 31 December 2020: approximately 21,000 boepd). Average sale prices increased to US\$70.37/boe (31 December 2020: US\$42.23/boe).

The improving oil price realised in 2021 reflected the recovery in oil prices compared with the oil prices impacted by the COVID-19 pandemic during 2020. The higher average oil price in 2021 led to realised hedging losses compared with the significant hedging gains of 2020. On completion of the disposal, remaining hedges no longer qualified for hedge accounting and the loss on the maturity of those options of US\$2.3 million is disclosed separately above.

(F) Loss on disposal of Capricorn Norway

The loss on disposal of Capricorn Norway in 2020 was calculated as follows:

	US\$m
Gross cash proceeds	105.2
Costs of disposal	(0.5)
Net proceeds	104.7
Disposal of cash and cash equivalents	(2.2)
Disposal of assets and liabilities held-for-sale:	
Goodwill	(7.5)
Intangible exploration/appraisal assets	(2.1)
Property, plant and equipment – development/producing assets	(88.6)
Other property, plant & equipment and intangible assets	(1.7)
Trade and other receivables	(7.6)
Income tax asset	(28.1)
Loans and borrowings	22.9
Lease liability	0.5
Trade and other payables	12.4
Provisions – decommissioning	2.5
	(97.4)
Translation loss recycled from Other Comprehensive Income	(43.4)
Loss on disposal of Capricorn Norway	(38.3)

On completion of the sale in February 2020, the merger reserve of US\$255.9 million relating to the acquisition of Capricorn Norway was transferred to retained earnings.

(G) Loss on disposal of working interests in Senegal

The loss on disposal of Senegal oil and gas assets in 2020 was calculated as follows:

	US\$m
Gross cash proceeds	524.8
Costs of disposal	(7.7)
Net proceeds	517.1
Derecognition of assets and liabilities:	
Intangible exploration/appraisal assets	(110.7)
Property, plant and equipment – development/producing assets	(502.4)
Joint operation receivables	(24.1)
Joint operation payables	17.4
Loss on disposal of Senegal oil and gas assets	(102.7)

Deferred consideration of up to US\$100.0 million was receivable dependent upon the first oil date and the oil price at that time. In accordance with the consideration measurement requirements of IFRS15, no amount is recognised at the balance sheet date as there is no reasonable certainty that it would not reverse in future periods. At 31 December 2021, the Capricorn Group's contingent assets is based on a risk-weighted fair value of the deferred consideration was US\$51.4 million (2020: US\$27.2 million). The Senegal transaction was determined to be an asset sale rather than business disposal.

The costs of disposal of US\$7.7 million included amounts accrued at 31 December 2020 of US\$6.0 million.

6.2 Cash Flow Information for Discontinued Operations

	UK Producing Assets US\$m	Norway US\$m	Senegal US\$m	Period ended 2 November 2021 US\$m
Net cash flows from operating activities	240.4	–	–	240.4
Net cash flows used in investing activities	(9.4)	–	–	(9.4)
Net cash flows used in financing activities	(42.5)	–	–	(42.5)
Net increase in cash and cash equivalents	188.5	–	–	188.5

	UK Producing Assets (restated) US\$m	Norway ⁶⁶ US\$m	Senegal ⁶⁷ US\$m	Period ended 31 December 2020 US\$m
Net cash flows from/(used in) operating activities	290.1	1.5	(0.2)	291.4
Net cash flows (used in)/from investing activities	(32.2)	(6.4)	284.5	245.9
Net cash flows used in financing activities	(55.0)	(0.4)	(5.4)	(60.8)
Net increase/(decrease) in cash and cash equivalents	202.9	(5.3)	278.9	476.5

There was no cash and cash equivalents disposed of on the sale of the UK Producing Assets in 2021.

In 2020, US\$2.2 million cash and cash equivalents was disposed of on the sale of Capricorn Norway; there was no cash and cash equivalents disposed of on the sale of the Senegal assets.

6.3 Assets and Liabilities held-for-sale

At 31 December 2020 and 31 December 2021 there were no assets or liabilities held-for-sale. Transfers to and from assets and liabilities held-for-sale during the current year were as follows:

	Transferred to held-for- sale 8 March 2021 US\$m	Impairment of disposal group at date of transfer US\$m	Movement US\$m	Disposal 2 November 2021 US\$m
Assets held-for-sale				
Property, plant & equipment – development/producing assets	814.5	(56.0)	5.4	(763.9)
Inventory	15.0	–	0.7	(15.7)
Trade and other receivables	48.7	–	8.7	(57.4)
	878.2	(56.0)	14.8	(837.0)
Liabilities held-for-sale				
Lease liabilities	227.6	–	(27.7)	(199.9)
Trade and other payables	29.8	–	(7.6)	(22.2)
Provisions – decommissioning	153.9	–	(2.4)	(151.5)
	411.3	–	(37.7)	(373.6)

Following the agreement entered into in March 2021 to sell the Kraken and Catcher UK North Sea producing assets to Waldorf Production Limited, the UK North Sea assets and associated liabilities were reclassified as held-for-sale, forming a single disposal group. On the date of transfer of the assets and liabilities into the disposal group, an impairment test was performed comparing the carrying value of the disposal group against its recoverable value, based on fair value less cost of disposal (falling within Level 2 of the fair value hierarchy), resulting in an impairment of US\$56.0 million, which was allocated to property, plant & equipment – development/producing assets, charged to the Income Statement.

⁶⁶ Period ended 28 February 2020

⁶⁷ Period ended 22 December 2020

7. Section 7 – Capital Structure and Other Disclosures

Significant accounting judgements in this section:

There are no significant accounting judgements in this section.

Key estimates and assumptions in this section:

There are no key estimates or assumptions in this section.

7.1 Issued Capital and Reserves

Called-up share capital

	Number 231/169p ordinary '000	Number 21/13p ordinary '000	231/169p ordinary US\$m	21/13p ordinary US\$m
Allotted, issued and fully paid ordinary shares				
At 1 January 2020	589,553	–	12.6	–
Issued and allotted for employee share options	165	–	–	–
At 31 December 2020	589,718	–	12.6	–
Issued and allotted for employee share options pre consolidation	99	–	–	–
Consolidation of shares	(589,817)	499,076	(12.6)	12.6
Issued and allotted for employee share options post consolidation	–	253	–	–
Share re-purchase	–	(2,482)	–	–
At 31 December 2021	–	496,847	–	12.6

Share Premium

	2021 US\$m	2020 US\$m
At 1 January	490.1	489.8
Arising on shares issued for employee share options	0.8	0.3
At 31 December	490.9	490.1

The Company does not have a limited amount of authorised share capital. On 11 January 2021, Capricorn undertook a share consolidation where the existing ordinary shares of 231/169 pence each were replaced with ordinary shares of 21/13 pence each, see note 7.2.

(A) Shares held by ESOP Trust

The cost of shares held by the ESOP Trust at 31 December 2021 was US\$8.1 million (2020 US\$4.4 million). The number of shares held by the Trust at 31 December 2021 was 3,590,198 (2020 2,788,271) and the market value of these shares was £6.8 million/US\$9.1 million (2020: £5.8 million/US\$8.0 million). During 2021, the Capricorn Group purchased 3,450,260 (2020: 1,028,000) shares at a cost of US\$8.7 million (2020: US\$1.0 million). During 2021, 1,628,784 (2020: 1,708,070) shares vested and 600,000 (2020: 825,000) shares were transferred from the ESOP Trust to the SIP Trust. During 2021, 419,549 shares were created on share consolidation.

(B) Shares held by SIP Trust

The cost of shares held by the SIP Trust at 31 December 2021 was US\$9.4 million (2020: US\$9.0 million). The number of shares held by the Trust at 31 December 2021 was 2,960,087 (2020: 3,177,717) and the market value of these shares was £5.6 million/US\$7.5 million (2020: £6.7 million/US\$9.1 million).

(C) Foreign currency translation

Unrealised foreign exchange gains and losses arising on consolidation of non-US\$ functional currency subsidiary undertakings are taken directly to reserves. Foreign exchange differences arising on intra-group loans are not eliminated on consolidation; this reflects the exposure to currency fluctuations where the subsidiaries involved have differing functional currencies. These intra-group loans are not considered to be an investment in a foreign operation. The foreign currency translation reserve includes US\$54.7 million recycled to the Income Statement in 2021 on the completion of liquidation of various subsidiaries.

(D) Merger and capital reserves

The merger reserve of US\$255.9 million arose in 2012 on shares issued by Capricorn on the acquisition of Capricorn Norway. On completion of the sale of the subsidiary in February 2020, the merger reserve was transferred to retained earnings.

Capital reserves of US\$40.9 million include amounts arising on various Group acquisitions and transactions and the capital redemption reserve arising from the 2013-2014 share re-purchase programme. US\$0.8 million of capital reserves relates directly to Capricorn.

(E) Hedge reserve

There was no hedge reserve remaining at 31 December 2021 (2020: US\$(3.4) million). The hedge reserve is used to recognise the effective portion of gains or losses on the derivatives that are designated for, and qualify as, cash flow hedges. There were no outstanding hedge options at the year end.

7.2 Return of Cash to Capricorn Shareholders and share re-purchase

On 8 January 2021, Capricorn received shareholder approval for the return of cash to shareholders of 32 pence per eligible ordinary share totalling £188.0 million. US\$250.0 million of the proceeds from the sale of Senegal assets were converted to £ in December 2020 and the return was paid to shareholders on 25 January 2021. The total return to shareholders, after exchange differences from the date of the conversion from US\$ to £ and associated costs, was US\$257.2 million.

On 15 November 2021, the Company commenced a re-purchase programme with an initial amount of up to £20 million out of the planned US\$200.0 million programme. This initially ran until the end of February 2022. At 31 December 2021, 2.7 million shares had been repurchased at a cost of US\$6.6 million.

7.3 Capital Management

The objective of the Capricorn Group's capital management structure is to ensure that there remains sufficient liquidity within the Capricorn Group to carry out committed work programme requirements. The Capricorn Group monitors the long-term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility. The Capricorn Group is subject to semi-annual forecast liquidity tests as part of the Capricorn Acquisition Senior RBL Facility and the Junior Debt Facility. The Capricorn Group has complied with the capital requirements of these tests at all times during the year.

Capricorn manages the capital structure and makes adjustments to it in light of changes to economic conditions. To maintain or adjust the capital structure, Capricorn may re-purchase shares, make a special dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate. No significant changes were made in the objectives, policies or processes during the year ended 31 December 2021.

Capital and net debt, including lease liabilities, was as follows:

	At 31 December 2021 US\$m	At 31 December 2020 US\$m
Loans and borrowings	177.0	–
Lease liabilities	3.7	240.0
Less cash and cash equivalents	(314.1)	(569.6)
Net funds	(133.4)	(329.6)
Equity	1,798.6	1,125.6
Capital and net funds	1,665.2	796.0
Gearing ratio	–	–

As detailed in note 7.2 Capricorn returned cash of US\$257.2 million to shareholders in January 2021. This dividend was paid out of retained earnings.

7.4 Guarantees

It is normal practice for the Capricorn Group to issue guarantees in respect of obligations during the normal course of business.

Since the cancellation of Capricorn Group's RBL facility in October 2021, issued guarantees are now issued from a number of bilateral unsecured lines.

The Capricorn Group provided the following guarantees at 31 December 2021:

- various guarantees for the Capricorn Group's operational commitments for the current year of US\$52.5 million (2020: US\$45.1 million); and
- Parent Company Guarantees for the Capricorn Group's obligations under joint operating agreements and other contracts.

7.5 Related Party Transactions

During the year the Capricorn Group did not make any purchases in the ordinary course of business from an entity under common control (2020: US\$nil).

Directors' remuneration

The remuneration of the Directors of the Company is set out below.

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Salary, including fees and bonus	2,505,475	2,320,935
Benefits	79,937	73,902
Pension	146,685	145,232
Share-based payments	1,288,193	362,773
	4,020,240	2,902,842

748,413 LTIP share awards to Directors vested during 2021 (2020: 290,683). Share-based payments disclosed above represent the market value at the vesting date of these awards in that year.

The remuneration of the Chief Executive Officer, the Capricorn Group's highest-paid director, was £1,219,900 (2020: £769,792).

Appendix 1 – List of subsidiaries at 31 December 2021

Capricorn is the ultimate parent undertaking of the Capricorn Group. The Company's subsidiaries as at the balance sheet date are set out below. The Company holds 100% of the voting rights and beneficial interests in the ordinary shares of the following companies:

Direct holdings

	Business	Country of incorporation	Country of operation	Registered office address
Cairn UK Holdings Limited	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Energy Investments Limited	Investment	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Oil Limited	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Senegal (Holding) Limited	Holding company	England	Scotland	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP

Indirect holdings

	Business	Country of incorporation	Country of operation	Registered office address
Agora Oil and Gas (UK) Limited	Exploration	Scotland	UK	50 Lothian Road, Edinburgh, EH3 9BY
Alba Resources Limited ²	Exploration	Scotland	UK	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn (Tamar) Limited Partnership	Limited Partnership company	Israel	Israel	Vitania Tel-Aviv Tower, 20 Haharash St. TLV Israel, 6761310
Capricorn Americas Limited	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Brasil Petróleo e Gás Ltda	Exploration	Brazil	Brazil	Praia de Botafogo 228, 16th floor, suite 1601 Zip Code 22250-040 Rio de Janeiro, Brazil
Capricorn Côte d'Ivoire Limited	Exploration	Scotland	Côte d'Ivoire	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Egypt (Holding) Limited	Holding company	England	UK	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP

	Business	Country of incorporation	Country of operation	Registered office address
Capricorn Egypt Limited	Exploration	England	UK	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP
Capricorn Energy Holdings Limited	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Energy Mexico S. de R.L. de C.V.	Exploration	Mexico	Mexico	Av. Paseo de la Reforma 295, Cuauhtémoc, CP 06500, CDMX, México
Capricorn Energy Search Limited ²	Exploration	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Energy UK Limited	Exploration	England	UK	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP
Capricorn Exploration and Development Company Limited ²	Exploration	Scotland	Morocco	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Limited ¹	Exploration	Scotland	Non-trading	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Limited ²	Ireland	Scotland	Republic of Ireland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Low Carbon Solutions Limited	Carbon trading	England	UK	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP
Capricorn Limited	Mauritania	Scotland	Mauritania	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Nicaragua BV	Exploration	The Netherlands	Non-trading	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Offshore Exploration Limited	Exploration	Scotland	Israel	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Oil and Gas Tunisia GmbH ²	Non-trading	Switzerland	Non-trading	Gubelstrasse 5, Postfach 1524, CH-6301 Zug, Switzerland
Capricorn Limited	Petroleum	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Production (Holdings) Limited	Dormant	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Production I Limited	Dormant	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Production II Limited	Dormant	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Resources Management Limited	Royalty interest	Scotland	Mongolia	50 Lothian Road, Edinburgh, EH3 9BY

		Business	Country of incorporation	Country of operation	Registered office address
Capricorn Limited	Senegal	Exploration	Scotland	Senegal	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Spain Limited ²		Exploration	Scotland	Spain	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Suriname BV		Exploration	The Netherlands	Suriname	50 Lothian Road, Edinburgh, EH3 9BY
Nautical Limited ²	Holdings	Holding company	England	UK	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP
UAH Limited ²		Holding company	England	UK	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP

1. Exempt from audit under Section 480 of the Companies Act 2006

2. Company is in the process of liquidation

Licence List

As at 31 December 2021

Country	Asset name	Licence	Block(s)	Operator	Capricorn Energy interest (per cent.)
Egypt	Alam El Shawish West	Alam El Shawish	Al Assil, Al Karam, Bahga, Al Magd	Cheiron (20 per cent.)	20
Egypt	Badr El Din	Badr El Din	Bed-19, Bed-20	Cheiron (50 per cent.)	50
Egypt	Bed 2-17	Bed 2-17	Bed-2, Bed-17	Cheiron (50 per cent.)	50
Egypt	Bed-3	Bed-3	Bed-3	Cheiron (50 per cent.)	50
Egypt	North Alam El Shawish	North Alam El Shawish	NAES-1	Cheiron (50 per cent.)	50
Egypt	North East Abu Gharadig Extension	NEAG Extension	NEAG-1, NEAG-2, NEAG-3, NEAG-4, NEAG-5	Cheiron (26 per cent.)	26
Egypt	North East Abu Gharadig TIBA	NEAG TIBA	JG, JD, SHEIBA	Cheiron (26 per cent.)	26
Egypt	North Matruh	North Matruh	Teen	Cheiron (50 per cent.)	50
Egypt	North Um Baraka	North Um Baraka	Numb-1	Cheiron (50 per cent.)	50
Egypt	Obaiyed	Obaiyed	Obaiyed	Cheiron (50 per cent.)	50
Egypt	Sitra	Sitra	Sitra	Cheiron (50 per cent.)	50
Egypt	South Abu Sennan	South Abu Sennan	South Abu Sennan	Capricorn Egypt Limited	50
Egypt	Southeast Horus	Southeast Horus	Southeast Horus	Capricorn Egypt Limited	50
Egypt	West El Fayium	West El Fayium	West El Fayium	Capricorn Egypt Limited	50
UK	Plymouth*	P2428	43/7, 43/8	Capricorn Energy UK Limited	60

Country	Asset name	Licence	Block(s)	Operator	Capricorn Energy interest (per cent.)
UK	Breagh South*	P2560	42/13b, 42/17, 42/18	Capricorn Energy UK Limited	70
UK	Portsmouth*	P2561	42/19, 42/20b	Capricorn Energy UK Limited	70
UK	Prometheus*	P2562	42/22, 42/23	Capricorn Energy UK Limited	70
UK	Cadence*	P2567	43/11, 43/12b	Capricorn Energy UK Limited	60
UK	Woodstock	P2379	22/11b, 22/12b, 22/16b, 22/17c	Capricorn Energy UK Limited	50
UK	Jaws	P2380	22/12d	Shell U.K. Limited (50 per cent.)	50
UK	Manhattan	P2381	22/13c, 22/18d	Capricorn Energy UK Limited	100
UK	East Orkney Basin	P2468	13/10, 13/3, 13/4, 13/5, 13/8, 13/9, 14/1, 14/6, 6/28, 6/29	No Operator	50
Mauritania	Block C7	C7 Psc	C7	Capricorn Mauritania Limited	90
Mexico	Block 7	CNH-R02-L01-A7. CS-2017	7	Eni (45 per cent.)	30
Mexico	Block 9	CNH-R02-L01-A9. CS-2017	9	Capricorn Energy Mexico	50
Mexico	Block 10	CNH-R02-L01-A10. CS/2017	10	Eni (65 per cent.)	15
Mexico	Block 15	CNH-R03-L01-G-TMV-01-2018	15	Capricorn Energy Mexico	50
Israel	Block 39	Licence No. 39	39	Capricorn Offshore Exploration Limited	33.34

Country	Asset name	Licence	Block(s)	Operator	Capricorn Energy interest (per cent.)
Israel	Block 40	Licence No. 40	40	Capricorn Offshore Exploration Limited	33.34
Israel	Block 45	Licence No. 45	45	Capricorn Offshore Exploration Limited	33.34
Israel	Block 46	Licence No. 46	46	Capricorn Offshore Exploration Limited	33.34
Israel	Block 47	Licence No. 47	47	Capricorn Offshore Exploration Limited	33.34
Israel	Block 48	Licence No. 48	48	Capricorn Offshore Exploration Limited	33.34
Israel	Block 52	Licence No. 52	52	Capricorn Offshore Exploration Limited	33.34
Israel	Block 53	Licence No. 53	53	Capricorn Offshore Exploration Limited	33.34
Suriname	Block 61	Block 61	61	Capricorn Suriname B.V.	100

* Name subject to change

SECTION B
ACCOUNTANT'S REPORT IN RESPECT OF RESTATED HISTORICAL FINANCIAL
INFORMATION FOR FY 2021 RELATING TO THE CAPRICORN GROUP

The directors and proposed directors (the “**Directors**”)
Capricorn Energy plc
50 Lothian Road,
Edinburgh,
EH3 9BY

N. M. Rothschild & Sons Limited (the “**Sponsor**”)
New Court St
Swithin's Lane
London
EC4N 8AL

13 January 2023

Dear Ladies and Gentlemen

Capricorn Energy plc (the “Company” and, together with its subsidiaries, the “Group”)

We report on the financial information of the Capricorn Group for the years ended 31 December 2020 and 31 December 2021 set out in section A of Part XI of the Combined Prospectus and Circular of the Company (the “**Group Financial Information Table**”).

This report is required by item 18.3.1 of Annex 1 to the PR Regulation and 13.5.21R of the Listing Rules of the Financial Conduct Authority (the “**Listing Rules**”) and is given for the purpose of complying with those items and for no other purpose.

Opinion on financial information

In our opinion, the Capricorn Group Financial Information Table gives, for the purposes of the Combined Prospectus and Circular, a true and fair view of the state of affairs of the Capricorn Group as at the dates stated and of its profits/losses, cash flows and statement of changes in equity for the years ended 31 December 2020 and 31 December 2021 in accordance with UK-adopted international accounting standards.

Conclusions Relating to Going Concern

We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the Capricorn Group Financial Information Table about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Capricorn Group Financial Information Table and the Directors' identification of any material uncertainties to the Capricorn Group's ability to continue as a going concern over a period of at least twelve months from the date of the Combined Prospectus and Circular.

We have nothing material to add or to draw attention to.

Responsibilities

The Directors of the Company are responsible for preparing the Capricorn Group Financial Information Table in accordance with UK-adopted international accounting standards and is in a form that is consistent with the accounting policies to be adopted in the Company's financial statements for the year ended 31 December 2023.

It is our responsibility to form an opinion on the Capricorn Group Financial Information Table and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules of the Financial Conduct Authority (the “**Prospectus Regulation Rules**”) to any person as and to the extent there provided, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the PR Regulation and item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Combined Prospectus and Circular.

Basis of Preparation

The Capricorn Group Financial Information Table has been prepared for inclusion in the Combined Prospectus and Circular of the Company on the basis of the accounting policies set out in note 1.1 to the Capricorn Group Financial Information Table.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the FRC in the United Kingdom. We are independent in accordance with the Revised Ethical Standard 2019 issued by the FRC as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Capricorn Group Financial Information Table. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Declaration

For the purposes of item 5.3.2R(2)(f) of the Prospectus Regulation Rules we are responsible for this report as part of the Combined Prospectus and Circular and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Combined Prospectus and Circular in compliance with item 1.2 of Annex 1 to the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

SECTION C
RESTATED UNAUDITED HISTORICAL FINANCIAL INFORMATION FOR H1 2022
RELATING TO THE CAPRICORN GROUP

Capricorn Energy PLC
Group Income Statements

For the six months ended 30 June 2022

	Note	Six months ended 30 June 2022 (unaudited) US\$m	Six months ended 30 June 2021 (unaudited) US\$m	Year ended 31 December 2021 (audited) US\$m
Continuing operations				
Revenue	2.1	137.4	0.5	57.1
Other income	2.1	23.0	-	7.3
Cost of sales		(32.8)	-	(20.5)
Depletion charge	2.3	(72.0)	-	(31.2)
Gross profit		55.6	0.5	12.7
Pre-award costs		(6.3)	(8.6)	(15.8)
Unsuccessful exploration costs	2.2	(22.7)	-	(19.6)
Impairment of intangible exploration/appraisal assets	2.2	(17.4)	-	(8.0)
Other operating income		0.1	0.2	24.1
General exploration and evaluation expenses		(19.9)	(15.2)	(42.8)
Administrative and other expenses	4.2	(33.5)	(24.6)	(58.2)
Operating loss		(44.1)	(47.6)	(107.6)
Exceptional income – India tax refund		-	-	1,070.7
Fair value loss – deferred consideration on business combination		(11.2)	-	(7.2)
Gain on financial assets at fair value through profit or loss		1.5	3.1	5.5
Finance income		5.1	5.9	4.5
Finance costs	4.3	(6.8)	(49.0)	(68.9)
(Loss)/Profit before taxation from continuing operations		(55.5)	(87.6)	897.0
Tax charge	5.1	(24.6)	-	(4.2)
(Loss)/Profit from continuing operations		(80.1)	(87.6)	892.8
Profit/(Loss) from discontinued operations	6.1	120.9	(12.8)	25.0

	Note	Six months ended 30 June 2022 (unaudited) US\$m	Six months ended 30 June 2021 (unaudited) US\$m	Year ended 31 December 2021 (audited) US\$m
Profit/(Loss) for the period attributable to equity holders of the Parent		40.8	(100.4)	917.8
Earnings per share for (loss)/profit from continuing operations:				
(Loss)/Profit per ordinary share – basic (cents)	4.4	(19.70)	(17.58)	180.30
(Loss)/Profit per ordinary share – diluted (cents)	4.4	(19.70)	(17.58)	175.50
Earnings per share for profit/(loss) attributable to equity holders of the Parent:				
Profit/(Loss) per ordinary share – basic (cents)	4.4	10.04	(20.16)	185.35
Profit/(Loss) per ordinary share – diluted (cents)	4.4	10.04	(20.16)	180.41
Profit/(Loss) for the period attributable to equity holders of the Parent		40.8	(100.4)	917.8
Other Comprehensive (Expense)/Income – items that may be recycled to the Income Statement				
Fair value loss on hedge options		-	(13.3)	(14.2)
Hedging loss recycled to the Income Statement		-	10.0	14.9
Fair value on hedge options recycled to the Income Statement on cessation of hedge accounting		-	-	2.7
Currency translation differences		(16.1)	1.1	2.0
Currency translation differences recycled to the Income Statement on disposal of subsidiary		-	39.4	54.7
Other Comprehensive (Expense)/Income for the period		(16.1)	37.2	60.1
Total Comprehensive Income/(Expense) for the period attributable to equity holders of the Parent		24.7	63.2	977.9
Total Comprehensive (Expense)/Income from:				
Continuing operations		(96.2)	(47.1)	898.2
Discontinuing operations		120.9	(16.1)	79.7
		24.7	(63.2)	977.9

Capricorn Energy PLC
Group Statement of Comprehensive Income

For the six months ended 30 June 2022

	Six months ended 30 June 2022 (unaudited) US\$m	Six months ended 30 June 2021 (unaudited) US\$m	Year ended 31 December 2021 (audited) US\$m
Profit/(Loss) for the period attributable to equity holders of the Parent	40.8	(101.3)	917.8
Other Comprehensive (Expense)/Income – items that may be recycled to the Income Statement			
Fair value loss on hedge options	-	(13.3)	(14.2)
Hedging loss recycled to the Income Statement	-	10.0	14.9
Fair value on hedge options recycled to the Income Statement on cessation of hedge accounting	-	-	2.7
Currency translation differences	(16.1)	1.1	2.0
Currency translation differences recycled to the Income Statement on disposal of subsidiary	-	39.4	54.7
Other Comprehensive (Expense)/Income for the period	(16.1)	37.2	60.1
Total Comprehensive Income/(Expense) for the period attributable to equity holders of the Parent	24.7	64.1	977.9
Total Comprehensive (Expense)/Income from:			
Continuing operations	(96.2)	(48.0)	898.2
Discontinuing operations	120.9	(16.1)	79.7
	24.7	(64.1)	977.9

Capricorn Energy PLC
Group Balance Sheet

As at 30 June 2022

	Note	30 June 2022 (unaudited) US\$m	30 June 2021 (unaudited) US\$m	31 December 2021 (audited) US\$m
Non-current assets				
Intangible exploration/appraisal assets	2.2	5.1	17.0	21.4
Property, plant & equipment – development/producing assets	2.3	334.1	-	373.9
Goodwill	2.4	25.4	-	25.4
Financial assets at fair value through profit or loss	3.4	119.2	-	120.4
Other property, plant & equipment and intangible assets		11.8	9.1	5.7
		495.6	26.1	546.8
Current assets				
Cash and cash equivalents	3.1	809.0	341.4	314.1
Inventory		10.8	-	10.8
Trade and other receivables	3.3	211.8	37.5	1,211.2
Financial assets at fair value through profit or loss	3.4	127.7	8.3	86.6
		1,159.3	387.2	1,622.7
Assets held-for-sale		-	724.9	-
Total assets		1,654.9	1,138.2	2,170.7
Current liabilities				
Loans and borrowings	3.2	16.3	-	10.9
Lease liabilities		1.9	2.4	2.4
Derivative financial instruments		-	6.8	-
Trade and other payables	3.5	138.2	22.4	152.2
Provisions – well abandonment		0.5	-	-
Deferred consideration on business combinations	3.4	24.6	-	20.9
		181.5	31.6	186.4

	Note	30 June 2022 (unaudited) US\$m	30 June 2021 (unaudited) US\$m	31 December 2021 (audited) US\$m
Non-current liabilities				
Loans and borrowings	3.2	157.6	-	166.1
Lease liabilities		0.2	2.5	1.3
Provisions – well abandonment		3.0	2.2	2.2
Deferred consideration on business combinations	3.4	35.7	-	49.1
Deferred tax liabilities	5.2	51.9	-	42.7
		248.4	4.7	261.4
Liabilities held-for-sale				
		-	398.9	-
Total liabilities				
		429.9	435.2	447.8
Net assets				
		1,225.0	703.0	1,721.7
Equity attributable to equity holders of the Parent				
Called-up share capital	7.1	8.0	12.6	12.6
Share premium	7.1	494.7	490.6	490.9
Shares held by ESOP/SIP Trusts		(19.3)	(19.1)	(17.5)
Foreign currency translation		(90.2)	(90.3)	(74.1)
Merger and capital reserves		45.5	40.8	40.9
Hedge reserve		-	(6.7)	-
Retained earnings		786.3	275.1	1,268.9
Total equity		1,225.0	703.0	1,721.7

Capricorn Energy PLC
Group Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June 2022 (unaudited) US\$m	Six months ended 30 June 2021 (unaudited) US\$m	Year ended 31 December 2021 (audited) US\$m
Cash flows from operating activities:			
(Loss)/Profit before taxation from continuing operations	(56.4)	(88.5)	897.0
Profit/(Loss) before tax from discontinued operations (note 6.1)	128.7	(12.8)	198.8
Profit/(Loss) before tax including discontinued operations	72.3	(101.3)	1,095.8
Adjustments for non-cash income and expense and non-operating cash flows:			
Other income – tax entitlement volumes	(23.0)	-	(7.3)
Release of deferred revenue	-	(21.7)	(21.7)
Unsuccessful exploration costs	23.6	-	19.6
Depreciation, depletion and amortisation charges	75.0	38.7	73.6
Impairment of intangible exploration/appraisal assets	17.4	-	8.0
Share-based payments charge	5.7	5.5	10.2
Impairment of disposal group non-current assets	-	144.6	56.0
Exceptional income – India tax refund	-	-	(1,070.7)
Fair value loss – deferred consideration on business combination	11.2	-	7.2
(Gain)/Loss on financial assets at fair value through profit or loss	(129.2)	(3.1)	2.6
Finance income	(5.1)	(5.9)	(4.5)
Finance costs	6.8	57.0	78.7
Adjustments in current assets and liabilities:			
Inventory movement	-	9.0	(4.6)
Increase in trade and other receivables (note 3.3)	(62.2)	(18.5)	(70.8)
Increase/(Decrease) in trade and other payables (note 3.5)	6.7	(19.0)	(11.5)
Net cash flows (used in)/from operating activities	(0.8)	85.3	160.6

	Six months ended 30 June 2022 (unaudited) US\$m	Six months ended 30 June 2021 (unaudited) US\$m	Year ended 31 December 2021 (audited) US\$m
Cash flows from investing activities:			
Exceptional tax income – India tax refund	1,056.0	-	-
Expenditure on intangible exploration/appraisal assets	(38.5)	(2.9)	(43.2)
Expenditure on development/producing assets	(23.2)	(6.4)	(24.0)
Expenditure on other property, plant & equipment and intangible assets	(10.6)	(1.4)	(2.9)
Deferred consideration received - discontinued operations	75.7	-	-
Consideration paid for assets acquired through business combination	(3.2)	(7.9)	(310.1)
Deferred consideration paid on business combination	(20.9)	-	-
Expenditure on financial asset at fair value through profit and loss	-	-	(6.9)
Proceeds on disposal of financial assets	12.8	-	-
Proceeds on disposal of intangible exploration/appraisal assets	-	-	23.6
Proceeds on disposal of oil and gas assets – discontinued operations	-	-	63.9
Proceeds on disposal of purchaser bonds – discontinuing operations	-	-	30.0
Costs incurred on disposal of oil and gas assets	-	(6.0)	(7.3)
Interest received and other finance income	2.7	0.1	0.2
Net cash flows from/(used in) investing activities	1,050.8	(24.5)	(276.7)
Cash flows from financing activities:			
Return of cash to shareholders	-	(257.2)	(257.2)
Share re-purchase	(528.6)	-	(7.8)
Debt arrangement fees	-	-	(4.6)
Other interest and charges	(7.3)	(3.5)	(5.8)
Proceeds from loans and borrowings	-	-	181.4
Repayment of loans and borrowings	(3.7)	-	-
Proceeds from issue of shares	3.8	0.5	0.9
Cost of shares purchased	(19.8)	(8.3)	(8.7)
Lease payments	(1.4)	(27.0)	(46.1)
Net cash flows used in financing activities	(557.0)	(295.5)	(147.9)
Net increase/(decrease) in cash and cash equivalents	493.0	(234.7)	(264.0)
Opening cash and cash equivalents at the beginning of the period	314.1	569.6	569.6
Foreign exchange differences	1.9	6.5	8.5
Closing cash and cash equivalents (note 3.1)	809.0	341.4	314.1

Capricorn Energy PLC
Group Statement of Changes in Equity

For the six months ended 30 June 2022

	Equity share capital and share premium US\$m	Shares held by ESOP/ SIP Trusts US\$m	Foreign currency translation US\$m	Merger and capital reserves US\$m	Hedge reserve US\$m	Retained earnings US\$m	Total equity US\$m
At 1 January 2021	502.7	(13.4)	(130.8)	40.8	(3.4)	630.7	1,026.6
Profit for the year	-	-	-	-	-	917.8	917.8
Fair value on hedge options	-	-	-	-	(14.2)	-	(14.2)
Hedging loss recycled to the Income Statement	-	-	-	-	14.9	-	14.9
Fair value on hedge options recycled to the Income Statement on cessation of hedge accounting	-	-	-	-	2.7	-	2.7
Currency translation differences	-	-	2.0	-	-	-	2.0
Currency translation differences recycled on disposal of subsidiary	-	-	54.7	-	-	-	54.7
Total comprehensive income	-	-	56.7	-	3.4	917.8	977.9
Return of cash to shareholders	-	-	-	-	-	(257.2)	(257.2)
Share-based payments	-	-	-	-	-	10.2	10.2
Exercise of employee share options	0.9	-	-	-	-	-	0.9
Share re-purchase	(0.1)	-	-	0.1	-	(26.8)	(26.8)
Cost of shares purchased	-	(8.7)	-	-	-	-	(8.7)
Cost of shares vesting	-	4.6	-	-	-	(4.6)	-
At 31 December 2021	503.5	(17.5)	(74.1)	40.9	-	1,270.1	1,722.9
Profit for the period	-	-	-	-	-	41.1	41.1
Currency translation differences	-	-	(16.1)	-	-	-	(16.1)
Total comprehensive (expense)/ income	-	-	(16.1)	-	-	41.1	25.0
Share-based payments	-	-	-	-	-	5.7	5.7
Exercise of employee share options	3.8	-	-	-	-	-	3.8
Share re-purchase	(4.6)	-	-	4.6	-	(511.1)	(511.1)
Cost of shares purchased	-	(19.8)	-	-	-	-	(19.8)
Cost of shares vesting	-	18.0	-	-	-	(18.0)	-
At 30 June 2022	502.7	(19.3)	(90.2)	45.5	-	787.8	1,226.4

	Equity share capital and share premium US\$m	Shares held by ESOP/ SIP Trusts US\$m	Foreign currency translation US\$m	Merger and capital reserves US\$m	Hedge reserve US\$m	Retained earnings US\$m	Total equity US\$m
At 1 January 2021	502.7	(13.4)	(130.8)	40.8	(3.4)	630.7	1,026.6
Loss for the period	-	-	-	-	-	(101.3)	(101.3)
Fair value on hedge options	-	-	-	-	(13.3)	-	(13.3)
Hedging gain recycled to the Income Statement	-	-	-	-	10.0	-	10.0
Currency translation differences	-	-	1.1	-	-	-	1.1
Currency translation differences recycled on disposal of subsidiary	-	-	39.4	-	-	-	39.4
Total comprehensive income/ (expense)	-	-	40.5	-	(3.3)	(101.3)	(64.1)
Exercise of employee share options	0.5	-	-	-	-	-	0.5
Share-based payments	-	-	-	-	-	5.5	5.5
Cost of shares purchased	-	(8.3)	-	-	-	-	(8.3)
Cost of shares vesting	-	2.6	-	-	-	(2.6)	-
Return of cash to shareholders	-	-	-	-	-	(257.2)	(257.2)
At 30 June 2021	503.2	(19.1)	(90.3)	40.8	(6.7)	275.1	703.0

Section 1 – Basis of Preparation

1.1 Accounting Policies: Basis of Preparation

The Capricorn Group Restated H1 2022 Financial Statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with UK adopted IAS 34, 'Interim financial reporting'. They should be read in conjunction with the Capricorn Group Restated 2021 Financial Statements, which have been prepared in accordance with UK-adopted International Accounting Standards as applicable to companies reporting under those standards.

This half-yearly report has been prepared on a basis consistent with the accounting policies expected to be applied for the year ending 31 December 2022 and uses the same accounting and financial risk management policies and methods of computation as those applied for the year ended 31 December 2021 in the Unaudited Pro Forma Income Statement and for the period ended 30 September 2022 in the Unaudited Pro Forma Income Statement, as presented in this document at Part XIII (*Unaudited Pro Forma Financial Information*). Changes to IFRS effective 1 January 2022 have no significant impact on Capricorn's accounting policies or the Capricorn Group Restated H1 2022 Financial Statements.

Significant key estimates and assumptions are unchanged from those applied in the year ended 31 December 2021 and therefore apply to the Capricorn Group Restated H1 2022 Financial Statements.

1.2 Going Concern

The Directors have considered the factors relevant to support a statement of going concern. In assessing whether the going concern assumption is appropriate, the Board considered the Group cash flow forecasts of the Combined Group following Completion of the Combination between Capricorn and NewMed under various scenarios, identifying risks and mitigating factors and ensuring the Combined Group has sufficient funding to meet its current and contracted commitments as and when they fall due for a period of at least 12 months from the date of signing this historical financial information.

At the balance sheet date and the date of this document, the Group has significant surplus cash balances, following receipt of the India tax refund, exceeding debt drawn on the Capricorn Acquisition Senior RBL Facility and the Junior Debt Facility which part-funded the Egypt Acquisition. Following completion, the Combined Group is forecast to have opening cash reserves of approximately US\$580 million after the proposed return of approximately US\$620 million⁶⁸ to Capricorn Shareholders and employees holding certain Capricorn share-based payment awards, assuming Completion on 28 February 2023. At this forecast completion date, amounts of US\$2.25 billion will be outstanding under the NewMed Leviathan Bond. Forecast cash reserves assume drawdown of further funding available to the Combined Group through a credit facility with the Israeli Bank Corporation of US\$100 million, which is required to be drawn by 6 February 2023.

The Combined Group has sufficient resources to maintain compliance with all financial covenants associated with the Capricorn Acquisition Senior RBL Facility and the Junior Debt Facility and the Israeli credit facility and to meet all bond repayments falling due within the coming 12 months. Downside scenarios have been prepared and include a return to sustained low oil prices, reductions in forecast production, increases to forecast operating and drilling costs, and a reduction in amounts available to be drawn from borrowing facilities and these scenarios require drawdown of the US\$100 million facility.

The Directors have a reasonable expectation that the Combined Group will continue in operational existence for a period of at least 12 months from the date of approval of this historical financial information and have therefore used the going concern basis in preparing this historical financial information.

⁶⁸ Proposed pre-completion special dividend of US\$620 million paid to Capricorn's existing shareholders which includes a proposed related cash payment of approximately US\$15 million, which will be payable to more than 200 participants under the Purchaser Discretionary Share Incentive Plans, comprising current employees (including the executive directors) and a number of former employees.

Section 2 – Oil and Gas Assets and Operations

2.1 Gross Profit: Revenue and Cost of Sales

	Six months ended 30 June 2022 US\$m	Six months ended 30 June 2021 US\$m	Year ended 31 December 2021 US\$m
Oil sales	112.9	-	41.3
Gas sales	24.5	-	14.9
Revenue from oil and gas sales	137.4	-	56.2
Royalty income	-	0.5	0.9
Total revenue	137.4	0.5	57.1
Other Income – Tax entitlement volumes	23.0	-	7.3
Other income	23.0	-	7.3
Production costs and inventory movements	(32.8)	-	(20.5)
Cost of sales	(32.8)	-	(20.5)
Depletion (note 2.3)	(72.0)	-	(31.2)
Gross profit	55.6	0.5	12.7

Oil and gas revenue in Egypt for H1 2022, was US\$137.4 million (period from 24 September 2021 to 31 December 2021: US\$56.2 million), from net entitlement volumes of 2.6 mmboe (period from 24 September 2021 to 31 December 2021: 1.4 mmboe). Oil sales price realised averaged US\$110.9/boe (period from 24 September 2021 to 31 December 2021: US\$77.8/boe) and gas sales prices remained at US\$2.9/mscf (period from 24 September 2021 to 31 December 2021: US\$2.9/mscf). Other income represents additional entitlement to cover tax due which is paid on Capricorn's behalf by EGPC; see section 5.

Cost of sales over the period were US\$32.8 million (period from 24 September 2021 to 31 December 2021: US\$20.5 million), or US\$5.1/boe (period from 24 September 2021 to 31 December 2021: US\$6.0/boe) (on a WI basis).

2.2 Intangible Exploration/Appraisal Assets

	Egypt US\$m	Eastern US\$m	Western US\$m	Total US\$m
Cost				
At 1 January 2021	-	-	49.0	49.0
Additions	-	-	3.9	3.9
Transfer to assets held-for-sale	-	-	(36.0)	(36.0)
At 30 June 2021	-	-	16.9	16.9
Additions	0.2	-	35.8	60.1
Unsuccessful exploration costs	(0.2)	-	(22.2)	(35.7)
Transfer to assets held-for-sale	-	-	36.0	36.0
Disposals	-	-	(36.0)	(59.6)
At 31 December 2021	-	-	30.5	30.5
Additions	5.1	-	18.8	23.9
Unsuccessful exploration costs	-	-	(23.8)	(23.8)
At 30 June 2022	5.1	-	25.4	30.5
Impairment				
At 1 January 2021	-	-	36.0	36.0
Transfer to assets held-for-sale	-	-	(36.0)	(36.0)

	Egypt US\$m	Eastern US\$m	Western US\$m	Total US\$m
At 30 June 2021	-	-	-	-
Charge for the period	-	-	8.0	8.0
Transfer to assets held-for-sale	-	-	36.0	36.0
Disposals	-	-	(36.0)	(36.0)
At 31 December 2021	-	-	8.0	8.0
Charge for the period	-	-	17.4	17.4
At 30 June 2022	-	-	25.4	25.4
Net book value				
At 30 June 2021	-	-	17.1	17.1
At 31 December 2021	-	-	22.5	22.5
At 30 June 2022	5.1	-	-	5.1

All additions to intangible exploration/appraisal assets were funded through cash and working capital.

Egypt

Additions in Egypt of US\$5.1 million mainly relate to costs incurred in advance of exploration drilling across non-operated assets.

Western

In the UK there were additions of US\$5.0 million on the P2389 licence containing the Diadem prospect and the remaining US\$13.5 million of well costs on the Jaws exploration well which commenced in 2021. US\$0.7 million of the Diadem additions were short-term lease costs. During the period costs of US\$13.5 million and US\$10.2 million were charged to the Income Statement as unsuccessful costs on the Jaws (P2380 licence) and Diadem (P2379 licence) prospects respectively.

In Mexico all remaining costs have now been impaired.

2.2 Intangible Exploration/Appraisal Assets (continued)

Impairment review

At 30 June 2022, Capricorn reviewed its intangible exploration/appraisal assets for indicators of impairment. In Block 10 Mexico, no further exploration is planned and the Capricorn Group do not intend to join partners in any future development of the two discoveries on the licence. Costs of US\$24.5 million have therefore been fully impaired at the balance sheet date. No further intangible exploration/appraisal asset impairments have been identified.

2.3 Property, Plant & Equipment – Development/Producing Assets

	Egypt US\$m	UK Producing Assets US\$m	UK Producing right-of-use leased assets US\$m	Total US\$m
Cost				
At 1 January 2021	-	1,177.7	316.3	1,494.0
Transfer to assets held-for-sale	-	(1,777.7)	(316.3)	(1,494.0)
At 30 June 2021	-	-	-	-
Acquisitions through business combinations	390.2	-	-	390.2
Additions	14.9	-	-	14.9
At 31 December 2021	405.1	-	-	405.1
Additions	32.2	-	-	32.2
At 30 June 2022	437.3	-	-	437.3

Depletion and amortisation				
At 1 January 2021	-	517.0	127.2	644.2
Depletion and amortisation charges – discontinued operations	-	27.1	8.2	35.3
Transfer to assets held-for-sale	-	(544.1)	(135.4)	(679.5)
At 30 June 2021	-	-	-	-
Depletion	31.2	-	-	31.2
At 31 December 2021	31.2	-	-	31.2
Depletion	72.0	-	-	72.0
At 30 June 2022	103.2	-	-	103.2
Net book value				
At 30 June 2021	-	-	-	-
At 31 December 2021	373.9	-	-	373.9
At 30 June 2022	334.1	-	-	334.1

Additions on development activity in the period were funded through cash and working capital.

In Egypt, depletion of US\$72.0 million was charged to the Income Statement based on entitlement interest production. The costs for depletion include future capital costs-to-complete consistent with the life-of-field reserve estimates used in the calculation.

Impairment tests conducted on development assets in Egypt did not identify any impairment.

2.4 Goodwill

	US\$m
At 1 January 2021 and 30 June 2021	-
Goodwill arising on acquisition	25.4
At 31 December 2021 and at 30 June 2022	25.4

At 30 June 2022, Goodwill, which relates entirely to Egypt, was tested for impairment. No impairment was identified.

The Capricorn Group has not adjusted opening balances recorded on the recognition of assets through the Egypt business combination.

2.5 Capital Commitments

	At 30 June 2022 US\$m	At 30 June 2021 US\$m	At 31 December 2021 US\$m
Oil and gas expenditure:			
Intangible exploration/appraisal assets	48.3	47.7	49.9
Property, plant & equipment – development/producing assets	46.3	-	93.7
Contracted for	94.6	47.7	143.6

Capital commitments represent Capricorn's share of obligations relating to its interests in joint operations. These commitments include Capricorn's share of the capital commitments of the joint operations themselves.

The capital commitments for intangible exploration/appraisal assets include US\$6.6 million in Egypt, US\$12.6 million in Mexico, and US\$29.1 million for operations in the UK on the Diadem prospect.

At 30 June 2022 and 30 December 2021, the capital commitments for property, plant & equipment – development/producing assets related to Egypt operations.

At 30 June 2022, Capricorn had commitments of US\$7.8 million relating to short-term leases for the UK Diadem prospect. This amount is also included in the total intangible exploration/appraisal assets commitment shown above.

2.6 Impairment Testing Sensitivity Analysis

Impairment sensitivity analysis was performed on the Egypt cash-generating unit, including goodwill, and the underlying development/producing assets.

No impairment arose using the Capricorn Group's year-end 31 December 2021 long-term oil price assumption of US\$55 per bbl, with costs escalated at 4 per cent. long-term. No downside sensitivities have been performed on the long-term oil price assumption.

Increasing the long-term cost escalation assumption to 6 per cent. did not result in an impairment at long-term oil price assumptions above US\$60 per bbl. Increasing long-term cost escalation to 8 per cent. did not result in an impairment at long-term oil price assumptions above US\$65 per bbl.

Impairment sensitivity analysis performed on the Capricorn Group discount-rate assumption of 10 per cent. did not identify any impairment when discount rates were increased to 12 per cent. and 14 per cent.

Section 3 – Working Capital, Financial Instruments and Long-Term Liabilities

3.1 Cash and Cash Equivalents

	At 30 June 2022 US\$m	At 30 June 2021 US\$m	At 31 December 2021 US\$m
Cash at bank	99.8	3.9	84.8
Bank deposits less than three months	73.0	-	-
Money market funds	636.2	337.5	229.3
Contracted for	809.0	341.4	314.1

3.2 Loans and Borrowings

	At 30 June 2022 US\$m	At 30 June 2021 US\$m	At 31 December 2021 US\$m
Reconciliation of opening and closing liabilities to cash flow movements:			
Opening liabilities	177.0	-	-
Loan advances in the period disclosed in the Cash Flow Statement:			
Senior Debt Facility	-	-	141.4
Junior Debt Facility	-	-	40.0
	-	-	181.4
Loan repayments in the period disclosed in the Cash Flow Statement:			
Capricorn Acquisition Senior RBL Facility	(3.7)	-	-
	(3.7)	-	-
Other movements in Cash Flow Statement:			
Debt arrangement fees	-	-	(4.6)
Non-cash movements:			
Amortisation of debt arrangement fees	0.6	-	0.2
Closing liabilities	173.9	-	177.0
Amounts due less than one year	16.3	-	10.9
Amounts due greater than one year	157.6	-	166.1
Closing liabilities	173.9	-	177.0

3.3 Trades and Other Receivables

	At 30 June 2022 US\$m	At 30 June 2021 US\$m	At 31 December 2021 US\$m
India tax refund receivable	-	-	1,070.7
Trade receivables	113.6	0.1	63.3
Other receivables	22.8	9.5	14.0
Prepayments	7.7	12.5	7.8
Joint operation receivables	67.7	15.4	55.4
	211.8	37.5	1,211.2

The India tax refund was received in February 2022. Trade receivables relate to the Capricorn Group's producing assets in Egypt and discussions are ongoing with EGPC and the operator to manage the receivables position. Other receivables include VAT recoverable in the UK and Mexico.

Joint operation receivables include Capricorn's working interest share of the receivables relating to joint operations and amounts recoverable from partners in joint operations.

	At 30 June 2022 US\$m	At 30 June 2021 US\$m	At 31 December 2021 US\$m
Reconciliation of opening and closing receivables to operating cash flow movements:			
Opening trade and other receivables	1,211.2	74.6	74.6
Closing trade and other receivables	(211.8)	(37.5)	(1,211.2)
Decrease/(Increase) in trade and other receivables	999.4	37.1	(1,136.6)
Increase in trade and other receivables classified as assets held-for-sale	-	(48.4)	-
Decrease/(Increase) in trade and other receivables including assets-held-for-sale	999.4	(11.3)	(1,136.6)
Foreign exchange	(18.7)	0.5	0.2
India tax refund (received)/receivable	(1,056.0)	-	1,070.7
Increase/(Decrease) in joint operation receivables relating to investing activities for expenditure on oil and gas assets	11.1	(6.5)	(1.3)
Increase in other debtors relating to investing activities	1.7	-	0.2
(Decrease)/Increase in prepayments relating to investing activities	(0.2)	6.1	2.7
Increase/(Decrease) in prepayments and other receivables relating to financing activities	0.5	(7.3)	(7.4)
Trade and joint operation receivables derecognised on disposal of the UK assets	-	-	(57.4)
Trade and other receivables recognised on purchase of Egypt assets	-	-	58.1
Increase in trade and other receivables movement recorded in operating cash flows	(62.2)	(18.5)	(70.8)

The foreign exchange loss of US\$18.7 million, primarily arising on settlement of the India tax refund, is offset by foreign exchange gains in the period, leading to a net gain of US\$4.5 million which is included within finance income.

3.4 Financial Assets and Liabilities at Fair Value Through Profit and Loss

	At 30 June 2022 US\$m	At 30 June 2021 US\$m	At 31 December 2021 US\$m
Financial Assets			
Non-current assets			
Financial assets at fair value through profit or loss – earn-out consideration	113.2	-	113.5
Financial assets at fair value through profit or loss – non-listed investment fund	6.0	-	6.9
	119.2	-	120.4

	At 30 June 2022 US\$m	At 30 June 2021 US\$m	At 31 December 2021 US\$m
Financial Assets			
Current assets			
Financial assets at fair value through profit or loss – earn-out consideration	127.7	-	75.8
Financial assets at fair value through profit or loss – listed equity investments	-	8.3	10.8
	127.7	8.3	86.6

In March 2022, the Capricorn Group sold its remaining shareholding in Vedanta, listed in India, for INR968 million (US\$12.7 million). The earn-out consideration is due from Waldorf following the sale of the Capricorn Group's UK Producing Assets in 2021.

	At 30 June 2022 US\$m	At 30 June 2021 US\$m	At 31 December 2021 US\$m
Financial Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss – deferred consideration on business combinations	(24.6)	-	(20.9)
Non-current liabilities			
Financial liabilities at fair value through profit or loss – deferred consideration on business combinations	(35.7)	-	(49.1)

Deferred consideration, based on future oil prices, is due to Shell following the Egypt business combination in the prior year.

	At 30 June 2022 US\$m	At 30 June 2021 US\$m	At 31 December 2021 US\$m
Fair Value measurements			
Assets measured at fair value – Level 1			
<i>Financial assets at fair value through profit or loss</i>			
Listed equity shares	-	8.3	10.8
Assets measured at fair value – Level 2			
<i>Financial assets at fair value through profit or loss</i>			
Earn-out consideration	240.9	-	189.3
Non-listed investment fund	6.0	-	6.9
Liabilities measured at fair value – Level 2			
<i>Financial liabilities at fair value through profit or loss</i>			
Deferred consideration on business combinations	(58.5)	-	(68.2)
Liabilities measured at fair value – Level 3			
<i>Financial liabilities at fair value through profit or loss</i>			
Deferred consideration on business combinations	(1.8)	-	(1.8)
	186.6	8.3	137.0

3.5 Trade and Other Payables

	At 30 June 2022 US\$m	At 30 June 2021 US\$m	At 31 December 2021 US\$m
Trade payables	14.4	0.9	1.6
Other taxation and social security	1.3	2.1	0.2
Accruals and other payables	27.6	15.0	59.5
Joint operation payables	94.9	4.4	90.9
	138.2	22.4	152.2

Joint operation payables include Capricorn's share of the trade and other payables of the joint operations in which the Capricorn Group participates. Where Capricorn is an operator of the joint operation, joint operation payables also include amounts that Capricorn will settle to third parties on behalf of joint operation partners. The amount to be recovered from partners for their share of such liabilities is included within joint operation receivables.

The reduction in accruals and other payables from the year end reflects settlement of amounts due in connection with the share buy-back of US\$16.3 million, settlement of working capital balances of US\$11.1 million due to Waldorf in connection with UK producing assets, a US\$5.0 million release of accruals relating to Egypt working capital settlements on the prior-year business combination and a reduction in bonus and other accruals.

Reconciliation of opening and closing payables to operating cash flow movements:	At 30 June 2022 US\$m	At 30 June 2021 US\$m	At 31 December 2021 US\$m
Opening trade and other payables	(152.2)	(91.6)	(91.6)
Closing trade and other payables	138.2	22.4	152.2
Decrease/(Increase) in trade and other payables	(14.0)	(69.2)	60.6
Increase in trade and other payables classified as liabilities held-for-sale	-	31.9	-
Decrease/(Increase) in trade and other payables including liabilities held-for-sale	(14.0)	(37.3)	60.6
Foreign exchange	3.0	(0.1)	-
Increase/(Decrease) in joint operation payables relating to investing activities	(5.7)	11.0	(16.4)
Decrease/(Increase) in accruals relating to other financing activities - repurchase of shares	18.9	-	(19.0)
Decrease in accruals and other payables relating to investing activities	3.0	6.5	1.2
Increase/(Decrease) in accruals and other payables relating to financing activities	1.5	0.9	(0.6)
Trade and other payables derecognised on disposal of the UK assets	-	-	22.2
Joint operation payables recognised on purchase of Egypt assets	-	-	(59.5)
Increase/(Decrease) in trade and other payables recorded in operating cash flows	6.7	(19.0)	(11.5)

Section 4 – Income Statement Analysis

4.1 Segmental Analysis

Segmental Disclosures and Discontinued Operations

The UK Producing Assets, formerly held within the UK segment, were classified as held-for-sale on 8 March 2021, with results presented as discontinuing operations.

IFRS 8 'Operating Segments' does not provide guidance as to whether segment disclosures apply to discontinued operations. For comparative periods, Capricorn has presented segmental disclosures inclusive of the results of the discontinued operations relating to the UK Producing Assets. The current period movements, largely relating to fair value movements on the earn-out consideration due, are included within the "Other Capricorn Energy Group" segment.

Capital expenditure incurred subsequent to the transfer to held-for-sale is included within the relevant segment, as it has been reported to the Capricorn Board, but is deducted within the group segment adjustment to agree back to balance sheet additions.

Operating segments

Capricorn's assets are managed through business units which form the operating segments. Each business unit is headed by a regional director (a regional director may be responsible for more than

Section 4 – Income Statement Analysis (Continued)

4.1 Segmental Analysis (Continued)

one business unit) and the Board monitors the results of each segment separately for the purposes of making decisions about resource allocation and performance assessment.

The Eastern operating segment includes costs associated with interests in Côte d'Ivoire, Mauritania and Israel. The Western segment holds continuing UK North Sea exploration interests, Mexico and Suriname. The Egypt segment was added following the acquisition in 2021.

The Other Capricorn Energy Group segment exists to accumulate the activities and results of the Parent and other holding companies together with other unallocated expenditure and net assets/liabilities including amounts of a corporate nature not specifically attributable to any of the business units.

Non-current assets as analysed on a segmental basis consist of: intangible exploration/appraisal assets; property, plant & equipment –development/producing assets; and other property, plant & equipment and intangible assets.

	Egypt US\$m	Eastern US\$m	Western US\$m	Other Capricorn Energy Group US\$m	Total US\$m
Revenue	137.4	-	-	-	137.4
Other income	23.0	-	-	-	23.0
Cost of sales	(32.8)	-	-	-	(32.8)
Depletion and amortisation charges	(72.0)	-	-	-	(72.0)
Gross profit	55.6	-	-	-	55.6
Pre-award costs	(2.5)	-	(0.5)	(3.3)	(6.3)
Unsuccessful exploration costs	-	-	(23.6)	-	(23.6)
Impairment of intangible exploration/appraisal assets	-	-	(17.4)	-	(17.4)
Other operating income	-	-	-	0.1	0.1
Other operating expenses	(3.0)	(6.8)	(10.1)	-	(19.9)
Depreciation – purchased assets	-	-	(0.1)	(0.2)	(0.3)
Amortisation – right-of-use assets	-	-	(0.1)	(1.0)	(1.1)
Amortisation of other intangible assets	-	-	(0.1)	(1.5)	(1.6)
Other administrative expenses	-	-	(0.3)	(30.0)	(30.5)
Operating profit/(loss)	49.9	(6.8)	(52.2)	(35.9)	(45.0)
Fair value loss on deferred consideration	(11.2)	-	-	-	(11.2)
Gain on fair value of financial asset	-	-	-	1.5	1.5
Interest income	-	-	0.1	3.1	3.2
Interest expense	(5.6)	-	-	(0.1)	(5.7)
Other net finance (expense)/income	(1.2)	-	2.0	-	0.8
Profit/(Loss) before taxation from continuing operations	31.9	(6.8)	(50.1)	(31.4)	(56.4)
Tax charge	(23.2)	-	-	(0.2)	(23.4)
Profit/(Loss) for the period from continuing operations	8.7	(6.8)	(50.1)	(31.6)	(79.8)
Profit from discontinued operations	-	-	-	120.9	120.9
Profit/(Loss) attributable to equity holders of the Parent	8.7	-	18.8	9.3	65.4
Balances at 30 June 2022:					
Capital expenditure	37.3	-	18.8	9.3	65.4
Total assets	588.0	0.3	273.6	793.2	1,655.1
Total liabilities	376.3	1.1	23.8	28.9	430.1
Non-current assets	364.6	-	(5.0)	17.0	376.6

Section 4 – Income Statement Analysis (Continued)

4.1 Segmental Analysis (Continued)

The segment results for the six months ended 30 June 2021 were as follows:

	Eastern US\$m	Western US\$m	UK Producing Assets US\$m	Other Capricorn Energy Group US\$m	Group adj for segments US\$m	Total US\$m
Revenue	-	-	256.6	0.5	(256.6)	0.5
Cost of sales	-	-	(81.5)	-	81.5	-
Depletion and amortisation charges	-	-	(35.3)	-	35.3	-
Gross profit	-	-	139.8	0.5	(139.8)	0.5
Pre-award costs	(0.1)	(1.6)	-	(6.9)	-	(8.6)
Other operating income	-	-	-	0.2	-	0.2
Other operating expenses	(7.1)	(8.9)	-	-	-	(16.0)
Depreciation – purchased assets	-	-	-	(0.1)	-	(0.1)
	-	(0.1)	-	(0.9)	-	(1.0)
Amortisation – right-of-use assets	-	(0.2)	-	(2.1)	-	(2.3)
	-	(0.3)	-	(20.9)	-	(21.2)
Amortisation of other intangible assets	-	-	(144.6)	-	144.6	-
Other administrative expenses	-	-	-	-	-	-
Impairment of disposal group	-	-	-	-	-	-
Operating loss	(7.2)	(11.1)	(4.8)	(30.2)	4.8	(48.5)
Gain on fair value of financial asset	-	-	-	3.1	-	3.1
	-	-	-	0.1	-	0.1
Interest income	-	-	(5.8)	(0.1)	5.8	(0.1)
Interest expense	-	0.1	(2.2)	(43.2)	2.2	(43.1)
Other net finance expense/(income)	-	-	-	-	-	-
Loss before taxation from continuing operations	(7.2)	(11.0)	(12.8)	(70.3)	12.8	(88.5)
Tax charge	-	-	-	-	-	-
Loss for the period from continuing operations	(7.2)	(11.0)	(12.8)	(70.3)	12.8	(88.5)
Loss from discontinued operations	-	-	-	-	(12.8)	(12.8)
Loss attributable to equity holders of the Parent	(7.2)	(11.0)	(12.8)	(70.3)	-	(101.3)
Balances at 30 June 2021:						
Capital expenditure	-	3.9	3.3	0.9	(3.6)	4.5
Total assets	0.3	41.6	724.9	370.5	(0.7)	1,136.6
Total liabilities	0.9	8.2	408.0	18.8	(0.7)	435.2
Non-current assets	-	18.3	-	7.9	-	26.2

Section 4 – Income Statement Analysis (Continued)

4.1 Segmental Analysis (Continued)

The segment results for the year ended 31 December 2021 were as follows:

	Egypt US\$m	Eastern US\$m	Western US\$m	UK Producing Assets US\$m	Other Capricorn Energy Group US\$m	Group adj for segments US\$m	Total US\$m
Revenue	56.2	-	-	411.8	0.9	(411.8)	57.1
Cost of sales	7.3	-	-	-	-	-	7.3
Depletion and amortisation charges	(20.5)	-	-	(103.8)	-	103.8	(20.5)
	(31.2)	-	-	(35.3)	-	35.3	(31.2)
Gross profit	11.8	-	-	272.7	0.9	(272.7)	12.7
Pre-award costs	(0.9)	-	(1.7)	-	(13.2)	-	(15.8)
Unsuccessful exploration costs	(0.2)	-	(22.2)	-	-	-	(22.4)
Impairment of intangible exploration/appraisal assets	-	-	(8.0)	-	-	-	(8.0)
Impairment of disposal group property plant & equipment – development/producing assets	-	-	-	(56.0)	-	(56.0)	-
	-	-	-	-	0.6	-	0.6
Other operating income	(6.4)	(12.2)	(21.7)	-	-	-	(40.3)
Other operating expenses	-	-	(0.1)	-	(0.2)	-	(0.3)
Depreciation – purchased assets	-	-	(0.1)	-	(1.9)	-	(2.0)
Amortisation – right-of-use assets	(0.1)	-	(0.2)	-	(4.5)	-	(4.8)
Amortisation of other intangible assets	(0.1)	-	(0.5)	-	(50.5)	-	(51.1)
Other administrative expenses	-	-	-	-	-	-	-
Operating profit/(loss)	4.1	(12.2)	(30.7)	216.7	(68.8)	(216.7)	(107.6)
Exceptional income – India tax refund	-	-	-	-	1,070.7	-	1,070.7
Fair value loss on deferred consideration	(7.2)	-	-	-	-	-	(7.2)
Gain on fair value of financial asset	-	-	-	(8.1)	5.5	8.1	5.5
Interest income	-	-	-	-	0.2	-	0.2
Interest expense	(2.8)	-	-	-	(0.3)	-	(3.1)
Other net finance (expense)/ income	(0.3)	-	(55.4)	(9.8)	(5.8)	9.8	(61.5)
(Loss)/Profit before taxation from continuing operations	(6.2)	(12.2)	(86.1)	198.8	1,001.5	(198.8)	892.8
Tax charge	(4.2)	-	-	-	-	-	(4.2)
(Loss)/Profit for the year from continuing operations	(10.4)	(12.2)	(86.1)	198.8	1,001.5	(198.8)	892.8
Loss on disposal of discontinued operations	-	-	-	(173.8)	-	173.8	-
Profit from discontinued operations	-	-	-	-	-	25.0	25.0
(Loss)/Profit attributable to equity holders of the Parent	(10.4)	(12.2)	(86.1)	25.0	1,001.5	-	917.8
Balances at 30 June 2021:							
Capital expenditure	430.8	-	39.2	5.8	1.1	(5.8)	471.1
Total assets	521.7	0.5	234.6	-	1,402.1	-	2,159.1
Total liabilities	367.7	1.9	33.3	-	44.9	-	447.8
Non-current assets	399.4	-	12.0	-	4.6	-	416.0

Section 4 – Income Statement Analysis (Continued)

4.2 Administrative and Other Expenses

	Six months ended 30 June 2022 US\$m	Six months ended 30 June 2021 US\$m	Year ended 31 December 2021 US\$m
Administrative expenses – recurring departmental expenses and corporate projects	21.4	21.0	43.4
Administrative expenses – costs of India tax refund	12.1	3.6	9.9
Other expenses – costs incurred on business combination	-	-	4.9
	33.5	24.6	58.2

4.3 Finance Costs

	Six months ended 30 June 2022 US\$m	Six months ended 30 June 2021 US\$m	Year ended 31 December 2021 US\$m
Loan interest and facility fee amortisation	6.4	9.4	13.7
Other finance charges	0.3	0.1	0.2
Lease interest	0.1	0.1	0.3
Exchange loss recycled from Other Comprehensive Income	-	39.4	54.7
	6.8	49.0	68.9

4.4 Earnings per Ordinary Share

Basic and diluted earnings per share are calculated using the following measures of (loss)/profit:

	Six months ended 30 June 2022 US\$m	Six months ended 30 June 2021 US\$m	Year ended 31 December 2021 US\$m
(Loss)/Profit and diluted (loss)/profit after taxation from continuing operations	(73.5)	(87.4)	869.5
Profit/(Loss) and diluted profit/(loss) attributable to equity holders of the Parent	47.4	(100.2)	894.5

Section 4 – Income Statement Analysis (Continued)

4.4 Earnings per Ordinary Share (Continued)

The following reflects the share data used in the basic and diluted earnings per share computations:

	Six months ended 30 June 2022 ‘000	Six months ended 30 June 2021 ‘000	Year ended 31 December 2021 ‘000
Weighted average number of shares	414,680	504,742	501,874
Less weighted average shares held by the ESOP and SIP Trusts	(8,136)	(6,653)	(6,709)
Basic weighted average number of shares	406,544	498,089	495,165
Potentially issuable shares not included above:			
LTIP awards	7,373	-	10,666
Approved and unapproved plans	971	-	17
Employee share awards	1,199	-	2,874
Diluted weighted average number of shares¹	416,087	498,089	508,722
Potentially issuable shares not included above:			
LTIP awards	22,484	29,954	18,575
Approved and unapproved plans	-	2,523	2,298
Employee share awards	3,684	5,497	2,277
Number of potentially issuable shares	26,168	37,974	23,150

¹ The diluted weighted average number of shares applies only to the discontinuing operations which generated a profit in the period.

Section 5 – Taxation

5.1 Tax Charge on (Loss)/Profit for the Period

	Six months ended 30 June 2022 US\$m	Six months ended 30 June 2021 US\$m	Year ended 31 December 2021 US\$m
Current tax charge:			
Overseas corporation tax – Egypt	23.0	-	7.3
Overseas corporation tax – India	0.2	-	-
Total current tax charge on (loss)/profit from continuing operations	23.2	-	7.3
Deferred tax charge/(credit):			
(Reversal of deferred tax charge)/Deferred tax charge on recognition of financial assets – UK	(0.1)	-	0.1
Deferred tax charge/(credit) on intangible/tangible assets - Egypt	1.5	-	(3.2)
Total deferred tax credit on (loss)/profit from continuing operations	1.4	-	(3.1)
Total tax charge on (loss)/profit from continuing operations	24.6	-	4.2

5.2 Deferred Tax Liabilities

Reconciliation of movement in deferred tax liabilities:

	Temporary differences in respect of:			Total US\$m
	Intangible/tangible assets US\$m	Losses US\$m	Other temporary differences US\$m	
At 1 January 2021 and 30 June 2021	-	-	-	-
Deferred tax liabilities recognised on business combination	52.5	(6.7)	-	45.8
Deferred tax charge/(credit) through the Income Statement – continuing operations	(0.7)	(2.5)	0.1	(3.1)
At 31 December 2021	51.8	(9.2)	0.1	42.7
Deferred tax charge/(credit) through the Income Statement – continuing operations	5.9	(4.4)	(0.1)	1.4
Deferred tax charge/(credit) through the Income Statement – discontinued operations (note 6.1)	-	(13.5)	21.3	7.8
At 30 June 2022	57.7	(27.1)	21.3	51.9

Deferred tax liabilities analysed by country:

	At 30 June 2022 US\$m	At 30 June 2021 US\$m	At 31 December 2021 US\$m
Egypt	44.1	-	42.7
UK	7.8	-	-
	51.9	-	42.7

Section 6 – Discontinued Operations

6.1 Profit/(Loss) from Discontinued Operations

Sale of the UK Producing Assets

On 8 March 2021, Capricorn agreed to sell its interests in the UK Producing Assets to Waldorf.

Consideration under the agreement was an initial cash consideration of US\$425.0 million, subject to adjustments for working capital and other customary interim period adjustments, further purchaser bonds of US\$30.0 million, sold shortly after completion, and earn-out consideration from 2021 to the end of 2025 dependent on oil prices and minimum production levels being met. 2021 earn-out consideration of US\$75.7 million, excluding interest, was settled on 30 June 2022. 2022-2025 earn-out consideration at 30 June 2022 had a risk-weighted fair value of US\$240.9 million.

The financial performance of the discontinued operations is expanded in the tables below for the periods ended 30 June 2022, 30 June 2021 and 31 December 2021 respectively.

	Six months ended 30 June 2022 US\$m	Six months ended 30 June 2021 US\$m	Year ended 31 December 2021 US\$m
Revenue	-	256.6	411.8
Cost of sales	1.5	(81.5)	(103.8)
Depletion and amortisation	-	(35.3)	(35.3)
Gross Profit	1.5	139.8	272.7
Impairment of disposal group	-	(144.6)	(56.0)
Operating profit/(loss)	1.5	(4.8)	216.7
Profit/(Loss) on financial asset at fair value through profit or loss – earn-out consideration	127.2	-	(8.1)
Finance costs	-	(8.0)	(9.8)
Profit/(Loss) before tax from discontinued operations	128.7	(12.8)	198.8
Taxation	(7.8)	-	-
Profit/(Loss) after tax from discontinued operations	120.9	(12.8)	198.8
Loss on disposal of discontinued operations	-	-	(173.8)
Profit/(Loss) from discontinued operations	120.9	(12.8)	25.0
Earnings per Share for Profit/(Loss) from Discontinued Operations			
Cents	cents	cents	
Profit/(Loss) per ordinary share – basic (cents)	29.74	(2.57)	5.05
Profit/(Loss) per ordinary share – diluted (cents)	29.06	(2.57)	4.91

6.2 Cash Flow Information for Discontinued Operations

	Six months ended 30 June 2022 US\$m	Six months ended 30 June 2021 US\$m	Year ended 31 December 2021 US\$m ⁶⁹
Net cash flows (used in)/from operating activities	(11.1)	132.4	240.4
Net cash flows from/(used in) investing activities ⁷⁰	77.2	(6.4)	(9.4)
Net cash flows used in financing activities	-	(26.3)	(42.5)
Net increase in cash and cash equivalents	66.1	99.7	188.5

⁶⁹ UK operations for the period ended 2 November 2021

⁷⁰ 2021 earn-out and interest payment received in June 2022

Section 7 – Share Capital

7.1 Called-Up Share Capital

	Number 231/169p ordinary '000	Number 21/13p ordinary '000	231/169p ordinary USm	21/13p ordinary US\$m
Allotted, issued and fully paid ordinary shares				
At 1 January 2021	589,718	-	12.6	-
Issued and allotted for employee share options	99	-	-	-
Consolidation of shares	(589,817)	499,076	(12.6)	12.6
Issued and allotted for employee share options post consolidation	-	192	-	-
At 30 June 2021	-	499,268	-	12.6
Issued and allotted for employee share options post consolidation	-	61	-	-
Share re-purchase	-	(2,482)	-	-
At 31 December 2021	-	496,847	-	12.6
Issued and allotted for employee share options	-	677	-	-
Share re-purchase	-	(182,307)	-	(4.6)
At 30 June 2022	-	315,217	-	8.0
Share premium				US\$m
At 1 January 2021				490.1
Arising on shares issued for employee share options				0.5
At 30 June 2021				490.6
Arising on shares issued for employee share options				0.3
At 31 December 2021				490.9
Arising on shares issued for employee share options				3.8
At 30 June 2022				494.7

Capricorn completed a tender offer on 6 April 2022. Under the terms of the tender offer, 171,073,128 ordinary shares were purchased at the strike price of 223 pence per share. The total value of the ordinary shares purchased was, therefore, £381.5 million (US\$498.6 million).

On 15 November 2021, Capricorn commenced a re-purchase programme of £20.0 million. This ran until the end of February 2022. A further re-purchase programme commenced on 7 April 2022 of up to US\$25.0 million, which completed in July 2022.

Part XII
Historical Financial Information Relating to the NewMed Group

This part of the Combined Prospectus and Circular includes consolidated and combined Historical Financial Information as well as an accountant's report thereon prepared by EY and is set out in two sections as follows:

- Section A sets out EY's report in respect of the consolidated Historical Financial Information relating to the NewMed Group, as of and for years ended 31 December 2021, 2020 and 2019 and the nine months ended 30 September 2022; and
- Section B sets out the NewMed Group's consolidated Historical Financial Information and includes the accounting policies and notes to the consolidated financial information.

SECTION A

ACCOUNTANT'S REPORT IN RESPECT OF THE HISTORICAL FINANCIAL INFORMATION RELATING TO THE NEWMED GROUP

The Board of Directors
Capricorn Energy PLC
50 Lothian Road
Edinburgh, EH3 9BY
United Kingdom

13 January 2023

Dear Sirs and Madams,

NewMed Energy – Limited Partnership (“NewMed”)

We report on the financial information of NewMed set out in Section B of Part XII (*Historical Financial Information Relating to the NewMed Group*) of the combined circular and prospectus dated 13 January 2023 of Capricorn Energy PLC, for the years ended 31 December 2019, 31 December 2020, 31 December 2021 and the nine months ended 30 September 2022 (the “**Financial Information**”).

We have not audited or reviewed the financial information for the nine-month period ended 30 September 2021 and accordingly do not express an opinion thereon.

This report is required by Listing Rule 13.5.21 and item 18.3.1 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980 and is given for the purpose of complying with those rules and for no other purpose.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided or which we may have to ordinary shareholders as a result of the inclusion of this report in this Combined Prospectus and Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the UK version of Commission Delegated Regulation (EU) 2019/980 and Listing Rule 13.4.1R(6), consenting to its inclusion in the Combined Prospectus and Circular.

Opinion on the Financial Information

In our opinion, the Financial Information gives, for the purposes of the Combined Prospectus and Circular dated 13 January 2023, a true and fair view of the state of affairs of NewMed as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted in the United Kingdom.

Responsibilities

The Directors of Capricorn are responsible for preparing the Financial Information in accordance with International Financial Reporting Standards as adopted in the United Kingdom.

It is our responsibility to form an opinion on the Financial Information and to report our opinion to you.

Basis of Preparation

The Financial Information has been prepared for inclusion in the Combined Prospectus and Circular dated 13 January 2023 on the basis of the accounting policies set out in note 3 to the Financial Information.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions Relating to Going Concern

In performing our work on the Financial Information, prepared on the basis that the acquisition of NewMed by Capricorn completes, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Information is appropriate.

We have not identified a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on of NewMed's ability to continue as a going concern for a period of at least twelve months from the date of the Combined Prospectus and Circular.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the Combined Prospectus and Circular and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Combined Prospectus and Circular in compliance with item 1.2 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980.

Yours faithfully

Kost Forer Gabbay & Kasierer

A member of Ernst & Young Global

SECTION B

HISTORICAL FINANCIAL INFORMATION RELATING TO THE NEWMED GROUP

1. Statements of profit or loss

		Nine months ended 30 September		Years ended 31 December		
	Note	2022	2021	2021	2020	2019
		US\$m	US\$m	US\$m	US\$m	US\$m
Continuing operations						
			(Unaudited)			
Sales from contracts with customers		855.7	681.3	882.5	587.1	4.1
Royalties		(130.9)	(101.7)	(128.7)	(86.3)	(0.8)
Revenue	5	724.8	579.6	753.8	500.8	3.3
Cost of sales	6	(189.4)	(152.0)	(231.5)	(169.1)	(25.0)
Gross profit/(loss)		535.4	427.6	522.3	331.7	(21.7)
Exploration and evaluation expenses		(3.2)	(2.5)	(4.2)	(3.4)	(14.5)
Impairment of exploration and evaluation assets		(14.6)	-	-	-	-
General and administrative expenses	7	(11.9)	(11.9)	(17.2)	(14.6)	(11.1)
Levy	28	-	-	-	-	4.6
Share of loss of an associate	14	(3.4)	(3.7)	(4.5)	(7.7)	-
Operating profit/(loss)		502.3	409.5	496.3	306.0	(42.7)
Gain on financial assets at fair value through profit or loss	22.1	50.9	24.9	26.4	82.7	57.3
Finance income	8	4.4	4.6	5.0	5.3	11.8
Finance costs	8	(112.6)	(153.3)	(211.3)	(231.8)	(44.7)
Profit/(loss) before tax from continuing operations		445.0	285.7	316.4	162.2	(18.3)
Income tax expense	9	(110.3)	(216.3)	(207.8)	-	-
Profit/(loss) from continuing operations		334.7	69.4	108.6	162.2	(18.3)
Discontinued operations						
Profit/(loss) after tax from discontinued operations	10	(10.8)	117.6	151.7	203.1	242.1
Gain on sale of oil and gas properties	10	4.3	-	144.6	-	-
Total profit/(loss) from discontinued operations		(6.5)	117.6	296.3	203.1	242.1
Profit for the period		328.2	187.0	404.9	365.3	223.8
Basic and diluted earnings/(losses) per Unit (\$ per Unit)						
Continuing operations	21.2	0.285	0.059	0.093	0.138	(0.016)
Discontinued operations	21.2	(0.005)	0.100	0.252	0.173	0.206
Net earnings per unit	21.2	0.280	0.159	0.345	0.311	0.190

2. Statement of comprehensive income

		Nine months ended 30 September	Years ended 31 December			
	Note	2022 US\$m	2021 US\$m	2021 US\$m	2020 US\$m	2019 US\$m
		(Unaudited)				
Profit for the period		328.2	187.0	404.9	365.3	223.8
Continuing operations:						
Other comprehensive income/ (loss) from continuing operations						
<u>Amounts which may subsequently be reclassified to profit or loss:</u>						
Loss on cash flow hedges	22.3	-	-	-	(4.7)	(5.1)
Reclassification to profit or loss of cash flow hedges reserve	22.3	-	-	-	7.4	(1.8)
Other comprehensive income/ (loss) from continuing operations		-	-	-	2.7	(6.9)
Discontinued operations						
Other comprehensive income/ (loss) from discontinued operations:						
<u>Amounts which shall not subsequently be reclassified to profit or loss:</u>						
Income (Loss) from investment in equity instruments designated for measurement at fair value through other comprehensive income	22.2	-	13.6	13.6	(29.3)	(41.3)
Other comprehensive Income/ (loss) from discontinued operations		-	13.6	13.6	(29.3)	(41.3)
Total comprehensive income/ (loss) after tax from continued operations		334.7	69.4	108.6	164.9	(25.2)
Total comprehensive income/ (loss) after tax from discontinued operations		(6.5)	131.2	309.9	173.8	200.8
Total comprehensive income		328.2	200.6	418.5	338.7	175.6

3. Statement of Financial Position

	Note	As at 30 September		As at 31 December	
		2022	2021	2020	2019
		(unaudited)			
		US\$m	US\$m	US\$m	US\$m
Non-current assets					
Exploration and evaluation assets	11	123.4	131.3	125.4	117.6
Oil and gas properties	12	2,427.8	2,439.1	3,314.5	3,311.6
Intangible assets	13	195.2	185.8	176.8	169.1
Property, plant and equipment	29	4.4	1.0	1.9	1.9
Investment in associate	14	59.4	62.8	67.3	75.0
Long term deposits	24	0.5	100.7	100.5	102.9
Financial instruments	22	301.9	288.6	317.2	278.2
Other long-term receivables	15	59.5	60.0	63.2	78.6
Total non-current assets		3,172.1	3,269.3	4,166.8	4,134.9
Current assets					
Cash and cash equivalents	23	53.4	220.2	70.0	171.0
Short-term deposits	24	290.1	100.7	169.4	63.5
Trade receivables	22.5.2	220.2	152.5	145.7	46.9
Other receivables	16	75.0	49.3	18.5	72.1
Income tax receivable	9	17.8	-	-	-
Financial instruments	22	63.2	58.0	14.3	14.8
Total current assets		719.7	580.7	417.9	368.3
Total assets		3,891.8	3,850.0	4,584.7	4,503.2
Current liabilities					
Interest-bearing loans and borrowings	17	466.0	-	393.8	319.4
Trade and other payables	18	150.0	270.7	73.6	169.2
Distribution payable	21.4	-	86.2	36.5	33.7
Provisions – decommissioning and well abandonment	19	18.0	27.6	62.2	-
Financial instruments	22	-	-	-	5.5
Total current liabilities		634.0	384.5	566.1	527.8

		As at 30 September		As at 31 December	
	Note	2022	2021	2020	2019
		US\$m	US\$m	US\$m	US\$m
Non-current liabilities					
Interest-bearing loans and borrowings	17	1,729.9	2,224.8	2,854.7	2,958.7
Provisions – decommissioning and well abandonment	19	61.2	94.4	133.3	172.3
Other long-term liabilities	20	2.8	-	32.9	30.9
Deferred tax liabilities	9	296.0	207.8	-	-
Total non-current liabilities		2,089.9	2,527.0	3,020.9	3,161.9
Total liabilities		2,723.9	2,911.5	3,587.0	3,689.7
Equity					
Issued units	21.1	154.8	154.8	154.8	154.8
Fair value reserve of financial assets at FVOCI	22.2	(57.0)	(57.0)	(70.6)	(41.3)
Cash flow hedge reserve	22.3	-	-	-	(2.7)
Other capital reserves	21.4	26.6	26.3	22.0	19.1
Retained earnings	21.5	1,043.5	814.4	891.5	683.6
		1,167.9	938.5	997.7	813.5

The attached notes constitute an integral part of the historical financial information.

4. Statements of Changes in NewMed's Equity

	Issued Units US\$m	Fair value reserve of financial assets at FVOCI US\$m	Cash flow hedge reserve US\$m	Other capital reserves US\$m	Retained earnings US\$m	Total equity US\$m
Balance as of 31 December 2018	154.8	-	4.2	16.8	679.3	855.1
Changes in the year ended 31 December 2019:						
Profit for the period	-	-	-	-	223.8	223.8
Other comprehensive loss	-	(41.3)	(6.9)	-	-	(48.2)
Total comprehensive income/(loss)	-	(41.3)	(6.9)	-	223.8	175.6
Distributions to unitholders	-	-	-	-	(196.2)	(196.2)
Distribution payable to tax authorities	-	-	-	-	(23.3)	(23.3)
Contributions from general partner (Note 3.22)	-	-	-	2.3	-	2.3
Balance as of 31 December 2019	154.8	(41.3)	(2.7)	19.1	683.6	813.5

	Issued Units US\$m	Fair value reserve of financial assets at FVOCI US\$m	Cash flow hedge reserve US\$m	Other capital reserves US\$m	Retained earnings US\$m	Total equity US\$m
Changes in the year ended 31 December 2020:						
Profit for the period	-	-	-	-	365.3	365.3
Other comprehensive loss	-	(29.3)	2.7	-	-	(26.6)
Total comprehensive income/(loss)	-	(29.3)	2.7	-	365.3	338.7
Distributions to unitholders	-	-	-	-	(102.2)	(102.2)
Distribution payable to tax authorities	-	-	-	-	(55.2)	(55.2)
Contributions from general partner (Note 3.22)	-	-	-	2.9	-	2.9
Balance as of 31 December 2020	154.8	(70.6)	-	22.0	891.5	997.7
Changes in the year ended 31 December 2021:						
Profit for the period	-	-	-	-	404.9	404.9
Other comprehensive income	-	13.6	-	-	-	13.6
Total comprehensive income	-	13.6	-	-	404.9	418.5
Distributions to unitholders	-	-	-	-	(285.3)	(285.3)
Distribution payable to tax authorities	-	-	-	-	(196.7)	(196.7)
Contributions from general partner (Note 3.22)	-	-	-	4.3	-	4.3
Balance as of 31 December 2021	154.8	(57.0)	-	26.3	814.4	938.5
For the nine-month period ended 30 September 2021						
Balance as of 31 December 2020 (Audited)	154.8	(70.6)	-	22.0	891.5	997.7
Profit for the period	-	-	-	-	187.0	187.0
Other comprehensive income	-	13.6	-	-	-	13.6
Total comprehensive income	-	13.6	-	-	187.0	200.6
Distributions to unitholders	-	-	-	-	(100.3)	(100.3)
Proceeds from tax authorities	-	-	-	-	6.3	6.3
Contributions from general partner (Note 3.22)	-	-	-	2.5	-	2.5
Balance as of 30 September 2021:	154.8	(57.0)	-	24.5	984.5	1,106.8

	Issued Units	Fair value reserve of financial assets at FVOCI	Cash flow hedge reserve	Other capital reserves	Retained earnings	Total equity
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
For the nine-month period ended 30 September 2022						
Balance as of 31 December 2021	154.8	(57.0)	-	26.3	814.4	938.5
Profit for the period	-	-	-	-	328.2	328.2
Distributions to unitholders	-	-	-	-	(98.0)	(98.0)
Distribution payable to tax authorities	-	-	-	-	(1.1)	(1.1)
Unit based payments (Note 25)	-	-	-	0.3	-	0.3
Balance as of 30 September 2022:	154.8	(57.0)	-	26.6	1,043.5	1,167.9

5. Statements of cash flows

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
	Unaudited				
Cash from operating activities:					
Total profit for the period	328.2	187.0	404.9	365.3	223.8
Adjustments for non-cash income and expense and non-operating cash flows:					
Depreciation, depletion, and amortisation	94.5	82.1	133.1	140.3	69.7
Change in fair value of derivative financial instruments, net	-	-	-	(2.9)	0.3
Impairment of exploration and evaluation assets	14.8	-	-	-	-
Taxes on income	60.1	216.3	207.8	-	-
Unwinding of discount on decommissioning provisions	(27.8)	(13.5)	(46.4)	(0.6)	4.6
Revaluation of short-term and long-term investments and deposits	0.5	(0.1)	-	2.4	(2.7)
Unit-based payment charge	0.7	-	-	-	0.1
Contributions from general partner (Note 3.21)	-	2.5	4.3	2.9	2.3
Gain on financial assets at fair value through profit or loss	(51.0)	(24.9)	(26.4)	(82.7)	(57.3)
Share of loss of an associate	3.4	3.7	4.5	7.7	36.6
Gain on sale of oil and gas properties (Notes 10 and 24)	(4.3)	-	(144.6)	-	-

	Nine months Ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
	Unaudited				
Adjustments to operating cash flows for movements in assets and liabilities:					
Increase in trade receivables	(67.6)	(47.8)	(8.0)	(98.8)	(1.5)
Decrease/(Increase) in other receivables	(20.9)	(26.9)	(15.2)	23.3	0.3
Decrease/(Increase) in other long-term receivables	3.0	(7.1)	(23.5)	(7.8)	(4.7)
Increase/(decrease) in Trade and other payables	33.4	47.0	(36.1)	(22.6)	(14.9)
Increase/(decrease) in other long-term liabilities	(5.8)	(1.5)	(0.7)	2.2	(2.6)
Net cash flows from operating activities	361.2	416.8	453.7	328.7	254.0
Cash flow from investing activities:					
Expenditure on exploration and evaluation assets	(5.0)	(4.3)	(6.4)	(8.4)	(2.9)
Expenditure on oil and gas properties	(62.1)	(20.9)	(25.6)	(127.7)	(583.2)
Expenditure on intangible and other assets	(26.6)	(26.6)	(34.4)	(14.6)	(140.5)
Proceeds on disposal of oil and gas properties (Notes 10 and 24)	10.5	-	954.9	-	-
Investment in associate	-	-	-	-	(75.0)
Proceeds from sale of financial instrument	-	30.6	30.6	-	-
Proceeds from financial instrument	12.5	14.3	14.3	14.8	15.3
Decrease/(increase) in short-term deposits, net	(69.7)	(135.1)	48.6	(105.9)	124.1
Long-term deposit in bank deposits	-	-	-	(100)	(41.4)
Repayment of long-term bank deposits	-	-	-	100	-
Net cash flows (used in)/from investing activities	(140.4)	(142.0)	982.0	(241.8)	(703.6)
Cash flow from financing activities:					
Proceeds from interest-bearing loans and borrowings	-	-	-	2,321.1	688.1
Payments of interest-bearing loans and borrowings	(33.0)	(6.5)	(1,035.3)	(2,374.9)	-
Proceeds (distributions) to tax authorities	(155.1)	(13.5)	(13.6)	(35.0)	(25.5)
Distributions to unitholders	(199.5)	(36.6)	(236.6)	(99.1)	(185.9)
Net cash flows (used in)/from financing activities	(387.6)	(56.6)	(1,285.5)	(187.9)	476.7
Increase/(decrease) in cash and cash equivalents	(166.8)	218.2	150.2	(101.0)	27.1
Cash and cash equivalents at beginning of period	220.2	70.0	70.0	171.0	143.9
Cash and cash equivalents at end of period	53.4	288.2	220.2	70.0	171.0

Notes to the financial statements

1. General Information

Incorporation

NewMed Energy - Limited Partnership (the “**Partnership**” or “**NewMed**”) was incorporated in Israel according to a limited partnership agreement dated July 1, 1993 between NewMed Energy Management Ltd. as general partner (the “**General Partner**”) and NewMed Energy Trusts Ltd. as a limited partner (the “**Limited Partner**”).

The parent company of the General Partner is Delek Energy Systems Ltd. (the “**Parent Company**” and/or “**Delek Energy**”), a private company wholly owned by Delek Group.

NewMed’s participation units are listed on the TASE since 1993.

The address of NewMed’s registered office is 19 Abba Eban Boulevard, Herzliya.

Principal activity

NewMed has been established with the objective of exploration, production and commercialisation of natural oil and natural gas in Israel and Cyprus. NewMed’s core assets are comprised of:

	Type of right	Name of right	Country	NewMed’s working Interest					Field Phase
				Sep-22	Sep-21	Dec-21	Dec-20	Dec-19	
Yam Tethys ¹	Lease	I/10 Ashkelon	Israel	48.5%	48.5%	48.5%	48.5%	48.5%	Depleted
Yam Tethys ¹	Lease	I/7 Noa	Israel	48.5%	48.5%	48.5%	48.5%	48.5%	Depleted
Ratio-Yam	Lease	I/15 Leviathan North	Israel	45.34%	45.34%	45.34%	45.34%	45.34%	Production
Ratio-Yam	Lease	I/14 Leviathan South	Israel	45.34%	45.34%	45.34%	45.34%	45.34%	Production
Michal-Matan ²	Lease	I/12 Tamar	Israel	-	22%	22%	22%	22%	Production
Michal-Matan ²	Lease	I/13 Dalit	Israel	-	22%	22%	22%	22%	Production
Aphrodite	Concession	Block 12	Cyprus	30%	30%	30%	30%	30%	Undeveloped
New Ofek ³	Lease	405/New Ofek	Israel	-	25%	25%	25%	25%	Undeveloped
New Yahel ³	Lease	406/New Yahel	Israel	-	25%	25%	25%	25%	Undeveloped
Alon D ⁴	Lease	367/Alon	Israel	-	-	-	-	52.941%	Undeveloped

1. Yam Tethys production was ended in May 2019. As at the Latest Practicable Date, the principal use of the project assets is by the Tamar project with provision of infrastructure services to the Tamar Field.
2. In December 2021 NewMed sold its rights in Tamar and Dalit leases to Tamar Investment 1 RSC Limited and Tamar Investment 2 RSC Limited⁷¹
3. On 20 June 2022, the Licenses expired, and NewMed did not join the application of the operator of the Licenses to the Petroleum Commissioner at the Ministry of Energy (the “**Petroleum Commissioner**”) in a request to extend their validity
4. In respect of Alon D lease legal proceeding see Note 26.3(A)(xi) below.

⁷¹ To the best of NewMed’s knowledge, the Buyers are SPCs that were established for the purpose of the transaction and are held (indirectly) by MDC Oil & Gas Holding Company LLC, a corporation of the Mubadala Investment Company PJSC group, a company owned by the Government of Abu Dhabi.

2. Basis of preparation of the financial statements

The historical financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

The historical financial information has been prepared in accordance with UK-adopted International Financial Reporting Standards as adopted in the United Kingdom ("**UK-adopted IFRS**").

The NewMed consolidated historical financial information for the years ended 31 December 2019, 2020, and 2021 and nine-months ended 30 September 2021 and 30 September 2022 (the "**NewMed Historical Financial Information**") has been prepared specifically for the purposes of this document and does not constitute statutory accounts within the meaning of section 434(3) of the U.K. Companies Act 2006.

The NewMed Historical Financial Information does not include the additional disclosure required pursuant to the Israeli Securities Regulations (Annual Financial Statements), 5770-2010.

The historical financial information is presented in US dollars and all values are rounded to the nearest million US dollars except where otherwise indicated.

The financial information of the joint ventures that are used by NewMed in the preparation of its financial statements are based, *inter alia*, on documents and accounting data provided by the operators of the joint ventures in Israel, Chevron Mediterranean Ltd. ("**Chevron**") and S.O.A. Energy Israel Ltd. ("**SOA**") and the operator of the joint venture in Cyprus, Chevron Cyprus Ltd. ("**Chevron Cyprus**").

Going Concern

The NewMed directors consider the preparation of the Historical Financial Information on a going concern basis to be appropriate. This is based on the following key factors:

- Liquidity headroom. As at 30 September 2022 NewMed held liquidity of US\$53.4 million (consisting of US\$37.7 million of cash, US\$15.7 million of cash equivalents in the form of short-term deposits with maturity dates of less than three months, and US\$290.1 million of other short-term deposits with maturity dates of between three and twelve months). As at the Latest Practicable Date, NewMed held liquidity of US\$151.7 million (consisting of US\$87.5 million of cash, US\$64.2 million of cash equivalents in the form of short-term deposits with maturity dates of less than three months, and US\$323.5 million of other short-term deposits with maturity dates of between three and twelve months). In addition, NewMed can drawdown from time to time up to US\$100 million under a credit facility with Israeli Bank Corporation, under which no amounts are currently drawn.

The directors of NewMed closely monitor the funding position of NewMed throughout the year, including monitoring continued compliance with the covenants in its financial indebtedness and ensuring sufficient headroom remains to fund operations and other obligations. The NewMed directors have considered several risks relevant to NewMed that may have an impact on its ability to continue as a going concern. Short-term and long-term cash forecasts are produced on a monthly basis along with any related sensitivity analysis. This allows the proactive management of business risks, including liquidity risk, which is below.

The NewMed directors have reviewed forecasts and projections for the period to 31 March 2024, including forecast covenant compliance. In response to NewMed's exposure to a number of business risks, management have prepared sensitivity analyses and applied downside plausible scenarios, which includes reductions in commodity prices, decreases in production levels, and increases in production cost and capital and other expenditures. Management

aggregated these scenarios to create a reasonable combined worst-case scenario. The results of this sensitivity showed that there was no reasonably possible scenario that would result in the business being unable to meet its obligations as they fall due. NewMed would continue to have sufficient liquidity headroom throughout the period to 31 March 2024 (the 'going concern period') and still have the necessary liquidity to continue trading.

Under such a reasonable worst case, management have the following mitigations available:

- The gas prices in the material gas sale and purchase agreements ("GSPAs") (including the agreements with Egyptian and Jordanian consumers) include floor prices which limit, to a certain extent, the exposure to fluctuations in the linkage components of the gas price formulas.
- The gas quantities in the GSPAs (including the agreements with Egypt and Jordanian consumers) have a take-or-pay mechanism which limits, to a certain extent, the exposure to fluctuations in gas quantities taken.
- Under the the Leviathan Bond agreements, Leviathan Bond Ltd., a fully owned SPC of NewMed that lent the proceeds of the Leviathan Bonds to NewMed, is entitled to increase, subject to the satisfaction of certain conditions, the indebtedness secured by the Leviathan Bond collateral in a manner that the total outstanding such indebtedness shall not be higher than of US\$2.5 billion.

On the basis that the Combination of NewMed and Capricorn completes, based on the assessment of NewMed's financial position for the period to 31 March 2024, the directors are satisfied that they have a reasonable basis upon which to conclude that NewMed is able to continue as a going concern throughout the going concern period. Accordingly, they have adopted the going concern basis of accounting in preparing the Historical Financial Information.

3. Accounting policies

The principal accounting policies and measurement bases used in the preparation of the historical financial information are set out below. These policies have been consistently applied to all periods presented in the historical financial information unless otherwise stated.

3.1 Functional and presentation currency and foreign currency translation

The functional currency which best and most faithfully represents the economic effects of transactions, events and circumstances on NewMed's business is the US dollar. Any transaction that is not in NewMed's functional currency is a foreign currency transaction.

Transactions denominated in foreign currency are recorded upon initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at each reporting date into the functional currency at the exchange rate at that date. Exchange rate differences, other than those capitalized to qualifying assets or accounted for as hedging transactions in equity, are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

3.2 Joint ventures and SPCs

A joint venture constitutes a contractual arrangement, according to which two or more parties assume economic activity of oil and gas exploration in a jointly owned asset. Certain joint ventures often involve joint ownership of one or more assets.

Ventures in which there is no formal requirement for unanimous consent of the parties who are partners to the venture, do not meet the definition of joint control according to IFRS 11.

Nevertheless, examination of such ventures indicates that the ventures themselves have no rights in the assets and do not commit to engagements on behalf of the participants. Engagements are made directly between the participants and a third party (which is not a partner in the joint venture). However, there are engagements in which the operator engages directly with a third party.

Each participant may pledge its rights in the assets and each participant is entitled to the economic benefits deriving from the joint venture. Consequently, the participants have a relative share of the assets and liabilities attributed to the joint venture.

In respect of NewMed's rights in activity in the jointly owned assets, NewMed recognised in its financial statements:

- (A) Its share in the jointly owned assets.
- (B) Any liabilities it incurred.
- (C) Its share in any liabilities it jointly incurred in connection with activity in the jointly owned assets.
- (D) Any income from the sale or use of its share in the period of the jointly owned assets, together with its share in any expenses it incurred for activity in the jointly owned assets.
- (E) Any expenses it incurred due to its right in the jointly owned assets.

NewMed presents its share in payments transferred to the operator of the joint ventures and not yet used under the trade and other receivables item, since such amounts do not meet the definition of cash and cash equivalents.

NewMed presents its share in the liabilities of the joint ventures to third parties under the item trade and other payables.

NewMed's financial statements include the assets and liabilities created following financing rounds performed through special purpose companies (SPCs) and which were established for the purpose of the financing.

3.3 Investments in associates

Associates are companies in which NewMed has significant influence over the financial and operating policies without having control. The investment in an associate is accounted for using the equity method.

3.4 Investments accounted for using the equity method

Under the equity method, the investment in the associate is presented at cost with the addition of post-acquisition changes in NewMed's share of net assets, including other comprehensive income of the associate. Gains and losses resulting from transactions between NewMed and the associate or are eliminated to the extent of the interest in the associate or in the joint venture.

Goodwill relating to the acquisition of an associate is presented as part of the investment in the associate, measured at cost and not systematically amortised. Goodwill is evaluated for impairment as part of the investment in the associate as a whole.

The financial statements of NewMed and of the associate are prepared as of the same dates and periods. The accounting policies applied in the financial statements of the associate are uniform and consistent with the policies applied in the financial statements of NewMed.

The equity method is applied until the loss of significant influence in the associate or classification as investment held for sale.

On the date of loss of significant influence, NewMed measures any remaining investment in the associate at fair value and recognises in profit or loss the difference between the fair value of any remaining investment plus any proceeds from the sale of the investment in the associate or the joint venture and the carrying amount of the investment on that date.

3.5 Cash and cash equivalents

Cash equivalents are considered as highly liquid investments, including cash in hand, cash in banks and unrestricted short-term bank deposits with an original maturity of three months or less from the date of investment or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of NewMed's cash management.

3.6 Deposits

Short-term deposits

Short-term bank deposits with an original maturity of more than three months but shorter than one year from the date of the investment and which do not meet the definition of cash equivalents. The deposits are presented in accordance with the terms of deposit.

Long-term deposits

Short-term bank deposits with an original maturity of more than one year from the date of the investment and which do not meet the definition of cash equivalents. The deposits are presented in accordance with the terms of deposit.

3.7 Financial Instruments

(A) Financial assets

Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

NewMed classifies and measures debt instruments in the financial statements based on the following criteria:

- NewMed's business model for managing financial assets; and
- The contractual cash flow terms of the financial asset.

(i) Debt instruments are measured at amortised cost when:

NewMed's business model is to hold the financial assets in order to collect their contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, the instruments in this category are measured according to their terms at amortised cost using the effective interest rate method, less any provision for impairment.

On the date of initial recognition, NewMed may irrevocably designate a debt instrument as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency, such as when a related financial liability is also measured at fair value through profit or loss.

- (ii) Debt instruments are measured at fair value through other comprehensive income when:

NewMed's business model is to hold the financial assets in order to both collect their contractual cash flows and to sell the financial assets, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, the instruments in this category are measured at fair value. Gains or losses from fair value adjustments, excluding interest and exchange rate differences, are recognised in other comprehensive income.

- (iii) Debt instruments are measured at fair value through profit or loss when:

A financial asset which is a debt instrument does not meet the criteria for measurement at amortised cost or at fair value through other comprehensive income. After initial recognition, the financial asset is measured at fair value and gains or losses from fair value adjustments are recognised in profit or loss.

- (iv) Equity instruments and other financial assets held for trading:

Investments in equity instruments do not meet the above criteria and accordingly are measured at fair value through profit or loss.

Other financial assets held for trading including derivatives are measured at fair value through profit or loss unless they are designated as effective hedging instruments.

In respect of certain equity instruments that are not held for trading, on the date of initial recognition, NewMed made an irrevocable election to present subsequent changes in fair value in other comprehensive income which changes would have otherwise been recorded in profit or loss. These changes will not be reclassified to profit or loss in the future, even when the investment is disposed of.

Dividends from investments in equity instruments are recognised in profit or loss when the right to receive the dividends is established.

(B) Impairment of financial assets

NewMed evaluates at the end of each reporting period the loss allowance for financial debt instruments which are not measured at fair value through profit or loss. NewMed distinguishes between two types of loss allowances:

- (a) Debt instruments whose credit risk has not increased significantly since initial recognition, or whose credit risk is low - the loss allowance recognised in respect of this debt instrument is measured at an amount equal to the expected credit losses within 12 months from the reporting date (12-month ECLs); or
- (b) Debt instruments whose credit risk has increased significantly since initial recognition, and whose credit risk is not low - the loss allowance recognised is measured at an amount equal to the expected credit losses over the instrument's remaining term (lifetime ECLs).

NewMed has short-term financial assets such as trade receivables in respect of which NewMed applies the simplified approach in IFRS 9 and measures the loss allowance in an amount equal to the lifetime expected credit losses.

An impairment loss on debt instruments measured at amortised cost is recognised in profit or loss with a corresponding loss allowance that is offset from the carrying amount of the financial asset, whereas the impairment loss on debt instruments measured at fair value through other comprehensive income is recognised in profit or loss with a corresponding loss allowance that is recorded in other comprehensive income and not as a reduction of the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

A financial asset is derecognised only when:

- The contractual rights to the cash flows from the financial asset has expired; or
- NewMed has transferred substantially all the risks and rewards deriving from the contractual rights to receive cash flows from the financial asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or
- NewMed has retained its contractual rights to receive cash flows from the financial asset but has assumed a contractual obligation to pay the cash flows in full without material delay to a third party.

(C) Financial liabilities

(i) Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the issue of the financial liability.

After initial recognition, NewMed measures all financial liabilities at amortised cost using the effective interest rate method, except for:

- Financial liabilities measured at fair value through profit or loss;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate;
- Contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

(ii) Derecognition of financial liabilities

Financial liability is derecognised only when it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires. A financial liability is extinguished when the debtor discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

When there is a modification in the terms of an existing financial liability, NewMed evaluates whether the modification is substantial, considering qualitative and quantitative information.

If the terms of an existing financial liability are substantially modified or a liability is exchanged for another liability from the same lender with substantially different terms, the modification or exchange is accounted for as an extinguishment of the original liability and the recognition of a new liability. The difference between the carrying amounts of the above liabilities is recognised in profit or loss.

If the modification in the terms of an existing liability is not substantial or if a liability is exchanged for another liability from the same lender whose terms are not substantially different, NewMed recalculates the carrying amount of the liability by discounting the revised cash flows at the original effective interest rate and any resulting difference is recognised in profit or loss.

(D) Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position if there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously. The right of set off must be legally enforceable not only during the ordinary course of business of the parties to the contract but also in the event of bankruptcy or insolvency of one of the parties. In order for the right of set-off to be currently available, it must not be contingent on a future event, there may not be periods during which the right is not available, or there may not be any events that will cause the right to expire.

(E) Embedded derivatives

According to the provisions of IFRS 9, if a hybrid contract contains a financial asset host within the scope of the Standard, the embedded derivative is not separated from the host. Such hybrid contracts are measured in their entirety at amortised cost or at fair value, based on the criteria for determining the characteristics of the business model and contractual cash flows.

If the financial asset host is not within the scope of the Standard, the embedded derivative is separated from the host and accounted for as a derivative when the economic risks and characteristics of the embedded derivative are not closely related to the economic risks and characteristics of the host, the embedded derivative meets the definition of a derivative and the hybrid contract is not measured at fair value with the changes in fair value recognised in profit or loss.

Reassessment of the need to separate an embedded derivative only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required.

(F) Derivative financial instruments designated as hedges

NewMed enters into contracts for derivative financial instruments such as interest rate swaps to hedge risks associated with interest rate fluctuations. Any gains or losses arising from changes in the fair values of derivatives that do not qualify for hedge accounting are recorded immediately in profit or loss.

Hedges qualify for hedge accounting, among others, when at inception of the hedging relationship there is a formal designation and documentation of the hedging relationship and of NewMed's risk management objective and strategy for undertaking the hedge. Hedges are assessed on an ongoing basis to determine whether they are highly effective during the reporting period for which the hedge is designated.

3.8 Provisions

A provision is recognised when NewMed has an obligation in the present (legal or implicit) as a result of an past event it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When NewMed expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense is recognised in the statement of comprehensive income net of any reimbursement.

3.9 Onerous contract

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. When assessing whether a contract is onerous, the costs of fulfilling a contract include both the incremental costs (for example, raw materials and direct labour) and an allocation of other costs that relate directly to fulfilling a contract (for example, depreciation of an item of property, plant and equipment used in fulfilling the contract).

3.10 Legal claims

A provision for claims is recognised when NewMed has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be required by NewMed to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.11 Levies

Levies imposed on NewMed by government entities through legislation, are accounted for pursuant to IFRIC 21 according to which the liability for the levy is recognised only when the activity that triggers payment occurs. NewMed includes in its financial statements, expenses in respect of its levy provision Pursuant to the Taxation of Profits and Natural Resources Law, 5771-2011. Levy is calculated for each project separately.

3.12 Decommissioning provision

NewMed recognises a provision for decommissioning, as of the reporting date, as a result of past drilling activity and in line with the prevailing environmental legislation or binding practices. The amount recognised is the estimated cost of restoration, discounted to its present value. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related oil & gas property. The provision is measured at each reporting date and is appropriately adjusted to reflect the present value of the expenses required to fulfil the obligation. Changes in the estimated timing of restoration or restoration cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment.

The unwinding of the discount on the decommissioning provision is recognised in profit or loss within finance costs.

3.13 Oil and gas properties

NewMed's accounting policy in respect of the treatment of investments in oil and gas exploration is the "successful efforts" method, whereby:

- (A) The expenses of participation in the performance of geological and seismic surveys and tests which occur at the preliminary stages of the exploration are carried to profit or loss upon the forming thereof, until the date on which, following the performance of these surveys and tests, a specific drilling plan is formulated.

- (B) Investments in reservoirs before they are proven uncommercial, were classified as “exploration and appraisal assets”, and are presented at cost (see Note 7 below).
- (C) Investments in reservoirs that have been proven dry and were abandoned or determined to be uncommercial, are fully amortised from the “exploration and appraisal assets” item to expenses in the statement of comprehensive income.
- (D) Investments in reservoirs with regards to which it has been determined that there is technical feasibility and commercial viability of gas or oil production, which are examined in a gamut of events and circumstances, are classified, subject to the performance of an examination of impairment, from the “exploration and appraisal assets” item to the “oil and gas assets” item, and are presented in the statement of financial position at cost (see Note 7 below). Such oil and gas assets, which include, *inter alia*, reservoir development planning costs, development wells, purchase and construction of production facilities, gas transmission pipelines, drilling equipment, construction of a terminal and asset retirement costs (see also Paragraph 2 below), are amortised to the statement of comprehensive income as specified in Paragraph (E) below.
- (E) Investments in oil and gas assets, which commenced commercial production, were amortised until 31 December 2019 in the depletion method (i.e., based on the production amount) as follows: the drilling cost was amortised according to the quantity of the proved and developed reserves, and the cost of the additional components (such as: platform, pipeline and terminals) was amortised according to the quantity of the proved reserves (developed and to be develop).

In Q1/2020, NewMed made a change in the evaluation of the reserves that are used as a basis for the depreciation of the oil and gas assets, *inter alia*, in view of the experience accumulated by NewMed over the years of operation of the Tamar reservoir, and the accepted practice in the world with respect to the depreciation of oil and gas assets, NewMed examined the basis of the depreciated reserves and reached the conclusion that the depreciation of assets according to the production unit method and based on proved + probable reserves (“2P”) in lieu of proved reserves only, will more fairly reflect the pattern of projected use of the asset.

In NewMed’s estimation, depreciation of the oil and gas assets based on proved and probable reserves (2P) enhances the comparativeness between NewMed’s results and the results of similar companies in Israel and the world (*inter alia*, NewMed’s benchmark companies), fairly presents the management’s assessments in relation to the use of the asset, is consistent with the information NewMed provides to the various investors and is also consistent with the accounting treatment in other transactions that are related to oil and gas assets. This change was treated as a change in accounting estimates and recognised prospectively from 1 January.2020.

- (F) Impairment of exploration and appraisal assets and oil and gas assets is examined when facts and circumstances indicate that carrying amount of an exploration and appraisal asset and oil and gas assets may exceed its recoverable amount in accordance with IAS 36 and IFRS 6 (see Note 3.17 below).

3.14 Borrowing costs

NewMed capitalizes borrowing costs that are attributable to the acquisition, construction or production of qualifying assets which necessarily take a substantial period of time to get ready for their intended use or sale.

The capitalisation of borrowing costs commences when expenditures for the asset are incurred, the activities to prepare the asset are in progress and borrowing costs are incurred and ceases when substantially all the activities to prepare the qualifying asset for its intended use or sale are complete. The amount of borrowing costs capitalized in the reporting period includes specific borrowing costs and general borrowing costs based on a weighted capitalisation rate.

3.15 Non-current assets and liabilities classified as held for sale and discontinued operations

Non-current assets or a disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in their present condition, NewMed must be committed to sell, there must be a programme to locate a buyer and it is highly probable that a sale will be completed within one year from the date of classification. From the date of such initial classification, these assets are no longer depreciated and are presented separately as current assets at the lower of their carrying amount and fair value less costs to sell. Other comprehensive income (loss) in respect of an assets or a group of non-current assets that are classified as held for sale is presented separately in equity.

A discontinued operation is a component of NewMed that either has been disposed of or is classified as held for sale. The operating results relating to the discontinued operation are presented separately in profit or loss, net of the tax effect.

3.16 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when partnerships satisfies a performance obligation by transferring a good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. Revenue associated with the sale of natural gas and condensate is measured based on the consideration specified in contracts with customers. The transfer of control of natural gas and condensate sold by NewMed occurs when title passes at the point the customer takes physical delivery. NewMed principally satisfies its performance obligations at this point in time.

Costs of obtaining a contract

In order to obtain some of NewMed's contracts with its customers, it incurs incremental costs in obtaining the contract. Costs incurred in obtaining the contract with the customer which would not have been incurred if the contract had not been obtained and which NewMed expects to recover, are recognised as an asset and amortised on a systematic basis that is consistent with the provision of the services under the specific contract. NewMed recognises, in profit or loss, an impairment loss in respect of costs of fulfilling a contract, when the carrying amount of the asset exceeds the remaining amount of consideration that NewMed expects to receive for the goods or services to which the asset relates, less the costs that relate to providing those goods or services and that have not yet been recognised as expenses.

3.17 Impairment of non-financial assets

At each reporting date, NewMed assesses whether there is an indication that an asset may be impaired. Impairment is assessed at the level of cash-generating units (CGUs) which, in accordance with IAS 36 'Impairment of Assets', are identified as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from other assets.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount, which is the higher of fair value less costs of disposal (FVLCD) and value-in-use (VIU). The future cash flow expected is derived using estimates of proven and probable reserves, a portion of resources that is expected to be converted into reserves and information regarding the oil & gas properties, respectively, that could affect the future recoverability of NewMed's interests. Discount factors are determined individually for each asset and reflect their respective risk profiles.

Assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the conditions that gave rise to the recognition of an impairment loss are subsequently reversed, and the asset's recoverable amount exceeds its carrying amount. Impairment losses can be reversed only to the extent that the recoverable amount does not exceed the carrying value that would have been determined had no impairment been recognised previously.

Exploration and evaluation assets are tested for impairment in accordance to IFRS 6 when there is an indication that a particular exploration and evaluation project may be impaired. Examples of indicators of impairment include a significant decision to delay or no longer pursue the exploration and evaluation project, or an expiration of rights to explore an area. In addition, exploration and evaluation assets are assessed for impairment upon their reclassification to producing assets. In assessing the impairment of exploration and evaluation assets, the carrying value of the asset would be compared to the estimated recoverable amount and any impairment loss is recognised immediately in profit or loss.

3.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NewMed uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

- Level 1** - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2** - inputs other than quoted prices included within Level 1 that are observable directly or indirectly.
- Level 3** - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

3.19 Earnings per participation unit

Earnings per participation unit are calculated by dividing the net income attributable to equity holders of NewMed by the weighted number of Ordinary participation units outstanding during the period.

Potential Ordinary participation units are included in the computation of diluted earnings per participation unit when their conversion decreases earnings per participation unit from continuing operations. Potential Ordinary participation units that are converted during the period are included in diluted earnings per participation unit only until the conversion date and from that date in basic earnings per participation unit.

3.20 Income tax

Current or deferred taxes are recognised in profit or loss, except to the extent that they relate to items which are recognised in other comprehensive income or equity. Following an amendment to the Income Tax Regulations that was published during 2021, commencing from 1 January 2022, the tax regime applicable to NewMed has been changed such that it will be

taxed as a company. Therefore the historical financial information for the periods ended before 31 December 2021 do not include current taxes, since the tax liability on NewMed's earnings applied to its unit-holders. Furthermore at the periods before the income tax payments made by NewMed are on account of the tax for which the holders of NewMed's participation units are liable, and are deducted from the retained earnings item of NewMed's equity.

Current Taxes

The current tax liability or asset is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

Deferred Taxes

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Deductible carryforward losses and temporary differences for which deferred tax assets had not been recognised are reviewed at each reporting date and a respective deferred tax asset is recognised to the extent that their utilisation is probable.

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is NewMed's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

Deferred taxes are offset if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

3.21 Employee benefit liabilities

Short-term employee benefits

Short-term employee benefits are benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. These benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognised as expenses as the services are rendered. A liability in respect of a cash bonus or a profit-sharing plan is recognised when NewMed has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.

3.22 Unit-based payment transactions

Several of NewMed's employees are entitled to remuneration in the form of equity-settled unit-based payment transactions and certain are entitled to remuneration in the form of cash-settled unit-based payment transactions that are measured based on the increase in NewMed's share price.

Equity-settled transactions

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value is determined using an acceptable option pricing model.

The cost of equity-settled transactions is recognised in profit or loss together with a corresponding increase in equity during the period which the performance and/or service conditions are to be satisfied ending on the date on which the relevant employees become entitled to the award (the “**vesting period**”). The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and NewMed’s best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other vesting conditions (service and/or performance) are satisfied.

If NewMed modifies the conditions on which equity-instruments were granted, an additional expense is recognised for any modification that increases the total fair value of the unit-based payment arrangement or is otherwise beneficial to the employee at the modification date.

If a grant of an equity instrument is cancelled, it is accounted for as if it had vested on the cancellation date and any expense not yet recognised for the grant is recognised immediately. However, if a new grant replaces the cancelled grant and is identified as a replacement grant on the grant date, the cancelled and new grants are accounted for as a modification of the original grant, as described above.

Cash-settled transactions

The cost of cash-settled transactions is measured at fair value on the grant date using an acceptable option pricing model. The fair value is recognised as an expense over the vesting period and a corresponding liability is recognised. The liability is remeasured at each reporting date until settled at fair value with any changes in fair value recognised in profit or loss.

3.23 Benefit from control holders

NewMed records expenses in the statements of comprehensive income against a capital reserve for benefits it received from the control holder.

3.24 Leases

NewMed accounts for a contract as a lease when the contract terms convey the right to control the use of an identified asset for a period of time in exchange for consideration.

NewMed as a lessee

For leases in which NewMed is the lessee, NewMed recognises on the commencement date of the lease a right-of-use asset and a lease liability, excluding leases whose term is up to 12 months and leases for which the underlying asset is of low value. For these excluded leases, NewMed has elected to recognise the lease payments as an expense in profit or loss on a straight-line basis over the lease term. In measuring the lease liability, NewMed has elected to apply the practical expedient in IFRS 16 and does not separate the lease components from the non-lease components (such as management and maintenance services, etc.) included in a single contract.

On the commencement date, the lease liability includes all unpaid lease payments discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using NewMed's incremental borrowing rate. After the commencement date, NewMed measures the lease liability using the effective interest rate method.

On the commencement date, the right-of-use asset is recognised in an amount equal to the lease liability plus lease payments already made on or before the commencement date and initial direct costs incurred. The right-of-use asset is measured applying the cost model and depreciated over the shorter of its useful life and the lease term.

NewMed tests for impairment of the right-of-use asset whenever there are indications of impairment pursuant to the provisions of IAS 36.

With respect to the contracts in which the operator engages in the context of the joint ventures, NewMed reached the conclusions that in view of the nature of the operator's engagement with lessors and the joint operating agreement signed in connection with the leases ("JOA"), such contracts do not meet the definition of a lease according to the provision of IFRS 16.

3.25 Disclosure of new standards in the period prior to their adoption

Amendment to IAS 1, "Presentation of Financial Statements"

In January 2020, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" ("In this Section: the Amendment") regarding the criteria for determining the classification of liabilities as current or non-current.

The Amendment includes the following clarifications - (1) What is meant by a right to defer settlement; (2) That a right to defer must exist at the end of the reporting period; (3) That classification is unaffected by the likelihood that an entity will exercise its deferral right; (4) That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Amendment is effective for annual periods beginning on or after January 1, 2023 and must be applied retrospectively. Early application is permitted

NewMed estimates that the application of the Amendment is not expected to have a material impact on the financial statements.

Amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors"

In February 2021, the IASB issued an amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors" (In this section: "the Amendment"), in which it introduces a new definition of "accounting estimates".

Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The Amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

The Amendment is to be applied prospectively for annual reporting periods beginning on or after 1 January 2023 and is applicable to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Early application is permitted.

NewMed estimates that the application of the Amendment is not expected to have a material impact on the financial statements.

Amendment to IAS 12, “Income Taxes”:

In May 2021, the IASB issued an amendment to IAS 12, “Income Taxes” (“IAS 12”), which narrows the scope of the initial recognition exception under IAS 12.15 and IAS 12.24 (In this section: “the Amendment”).

According to the recognition guidelines of deferred tax assets and liabilities, IAS 12 excludes recognition of deferred tax assets and liabilities in respect of certain temporary differences arising from the initial recognition of certain transactions. This exception is referred to as the “initial recognition exception”. The Amendment narrows the scope of the initial recognition exception and clarifies that it does not apply to the recognition of deferred tax assets and liabilities arising from transactions that are not a business combination and that give rise to equal taxable and deductible temporary differences, even if they meet the other criteria of the initial recognition exception.

The Amendment applies for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. In relation to leases and decommissioning obligations, the Amendment is to be applied commencing from the earliest reporting period presented in the financial statements in which the Amendment is initially applied. The cumulative effect of the initial application of the Amendment should be recognised as an adjustment to the opening balance of retained earnings (or another component of equity, as appropriate) at that date.

NewMed estimates that the initial application of the Amendment is not expected to have a material impact on its financial statements.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

(A) Significant judgements in applying NewMed accounting policies

Preparation of NewMed’s financial statements in accordance with IFRS requires the management to make estimates and assumptions that affect the amounts presented in the financial statements. These estimates occasionally require judgement in an environment of uncertainty and have a material effect on the presentation of the data in the financial statements.

Below is a description of the critical judgements and key sources of estimation uncertainty used in the preparation of NewMed’s financial statements, in the preparation of which the management of NewMed’s General Partner was required to make assumptions as to circumstances and events that involve significant uncertainty.

In exercising its judgement when making the estimates, the management of NewMed’s General Partner relies on past experience, various facts, external factors and reasonable assumptions according to the circumstances relevant to each estimate. Actual results differ from the estimates of the management of NewMed’s General Partner.

(B) Key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the historical financial information concerning uncertainties at the reporting date and the critical estimates computed by NewMed that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(C) Estimate of gas and condensate reserves (jointly: the “Gas Reserves”)

The estimate of the Gas Reserves is used, *inter alia*, in determining the rate of amortisation of the producing assets serving the operations during the reported period, as well as in the examination of potential impairments. Investments related to the discovery and production of proved and probable Gas Reserves are amortised according to the depletion method as stated in Section K1E above.

The estimated gas quantity in the proven reservoirs in the reported period is determined on an annual basis, according to the opinions of independent external experts on the evaluation of reserves in oil and gas reservoirs.

Evaluation of the proved and probable gas reserves according to the above principles is a subjective process and the evaluations of different experts may occasionally be materially different. In light of the materiality of the amortisation expenses, the abovementioned changes may have a material effect on the results of the operations and the financial condition of NewMed.

(D) Asset retirement obligation

NewMed recognises the asset concurrently with a liability in respect of its oil and gas asset retirement obligation at the end of the period of use thereof.

The timing and amount of the economic resources required for the settlement of the liability are based on estimation by the management of the General Partner of NewMed, which relies, *inter alia*, on opinions of independent professional consultants and are examined periodically to ensure the fairness of such estimations.

(E) Claims and legal proceedings

In the assessment of the chances of the results of the legal claims filed against NewMed, NewMed relied on opinions of its legal counsel. This assessment of the legal counsel is based on their best professional judgement, considering the stage of the proceedings, and on the legal experience accrued on the various issues. Since the outcome of the claims shall be determined in court, this outcome may be different to this assessment.

(F) Determining the fair value of an unquoted financial asset

The fair value of unquoted financial assets in Level 3 of the fair value hierarchy is determined using valuation techniques, generally using future cash flows discounted at interest rates applicable for items with similar terms and risk characteristics. Changes in estimated future cash flows and estimated discount rates, after consideration of risks such as liquidity risk, credit risk and volatility, are liable to affect the fair value of these assets.

(G) Levies

Pursuant to the Taxation of Profits and Natural Resources Law, 5771-2011 (the “**Levy**” or the “**Taxation of Profits and Natural Resources Law**”), starting from 2020, NewMed recognised an expense in respect of a petroleum profit levy for the Tamar Project. As at the Latest Practicable Date, there are several interpretation disputes vis-à-vis the ITA (see Note 26.3.4 below). In accordance with the estimates made by NewMed, as of the date of the historical financial information, NewMed recorded a provision on its books for payment of a levy payment in the Tamar project for the years ended 31 December 2020 and 2021. NewMed’s estimates were made to the best of its understanding and based, *inter alia*, on an opinion of its legal counsel with respect to the issues in dispute, in respect of most of which it is estimated that the prospects of NewMed’s claims being accepted exceed the prospects of their being rejected.

(H) Estimated impairment of oil and gas assets

Examination of impairment of oil and gas assets involves estimates. The examination requires NewMed to make an estimate of the future cash flows expected to derive from ongoing use of NewMed's cash-generating unit from proved + probable (2P) reserves.

(I) Deferred taxes

Deferred taxes are calculated in respect of temporary differences between the amounts included in the financial statements and the amounts taken into account for tax purposes. In calculating the deferred tax liability, management judgement is required to determine the amount of deferred tax liabilities that can be recognised, based upon the timing and level of future taxable profits, its source and the tax planning strategy.

5. Revenue

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
	(Unaudited)				
Sales from contracts with customers	855.7	681.3	882.5	587.1	4.1
Royalties					
To the State of Israel	(96.6)	(74.8)	(94.7)	(63.5)	(0.4)
Overriding royalties to related parties	(11.4)	(9.0)	(11.4)	(7.6)	(0.3)
Overriding royalties to third parties	(22.9)	(17.9)	(22.6)	(15.2)	(0.1)
	(130.9)	(101.7)	(128.7)	(86.3)	(0.8)
Revenue	724.8	579.6	753.8	500.8	3.3

State Royalties

The Israeli Petroleum Law 5712-1952 prescribes that a leaseholder shall pay royalties to the State of Israel at the rate of one-eighth (12.5 per cent.) of the petroleum produced and utilised from the area of the lease.

At the election of Israel's Petroleum Commissioner, State Royalties may be taken in kind or in cash, as calculated on the market value of the petroleum at the wellhead, excluding the quantity of petroleum used by the leaseholder for operating the area of the lease.

A method of calculating the market value of the royalties at the wellhead is required as gas sales are priced at the entry point to the transportation system onshore and, accordingly, the contractual prices stipulated in the Offtake Agreements are higher than the price at the wellhead. As a result, the actual rate of the State Royalties payable to the State of Israel is lower than the rate of one-eighth (12.5 per cent.) (the "**Effective Rate**").

In May 2020, the Ministry of Energy published general guidelines for calculating the market value of the royalties at the wellhead regarding offshore petroleum rights under the Petroleum Law (the “**Royalties Guidelines**”). In July 2022, the Director of Natural Resources at the Ministry of Energy released specific directives regarding the method of calculation of the royalty value at the wellhead in the Leviathan Project (the “**Specific Directives**”). Based on the estimates of the Leviathan Partners, there are no material differences between the Effective Rate of approximately 10.96 per cent. used in Historical Financial Information and the Effective Rate of the State Royalties as would have been calculated in accordance with the Specific Directives.

Overriding Royalties

NewMed’s working interest in Leviathan Leases is subject to contractual royalties’ obligations payable to the Royalty Holders from oil and gas properties (an affiliate of Delek Group and certain third parties), at rates which are specified in the different Royalties Agreements, on the petroleum produced and utilised from the Leviathan leases.

The royalty rates are specified in the different Royalties Agreements and increase overall on the Investment Recovery Date. Under the relevant agreements, the total Overriding Royalties rates for the Leviathan Field working interest and Aphrodite Field working interest at wellhead are each 4.5 per cent. pre-Investment Recovery Date and 9.5 per cent. post-Investment Recovery Date. Accordingly, following the Investment Recovery Date for the Leviathan Field working interest, NewMed’s royalty expense will increase considerably due to the higher overall applicable royalty rate.

The term “**Investment Recovery Date**” shall mean the date on which the (Net) Value of the Revenues, that NewMed received or is entitled to receive for the petroleum produced and utilized from the area of the asset, calculated in dollars, shall reach the sum equal to the Value of all of NewMed’s expenses on that asset, calculated in dollars.

Overriding Royalties are calculated on the market value of the gas at the wellhead.

NewMed’s income in the reported periods from the sale of natural gas is affected mainly by the volume of natural gas consumption for the domestic market, Egypt and Jordan (the “**Regional Market**”). Below is NewMed’s share in the income and in the natural gas quantities sold to the domestic market and to the Regional Market in the reported periods from the Leviathan project.

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
	(Unaudited)				
Sales:					
Domestic market	218.0	268.8	319.5	263.5	4.1
Regional market	637.7	412.5	563.0	323.6	-
	855.7	681.3	882.5	587.1	4.1
Quantities (BCM)					
Domestic market	1.32	1.72	2.06	1.57	0.15
Regional market	2.55	2.05	2.8	1.71	-
	3.87	3.77	4.86	3.28	0.15

6. Cost of Sales

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
	(Unaudited)				
Other operating costs	(86.5)	(71.8)	(102.5)	(73.8)	(1.4)
Oil and gas assets insurance	(13.1)	(11.5)	(15.9)	(15.9)	(0.2)
Depreciation, depletion, and amortisation	(89.8)	(68.7)	(113.1)	(79.4)	(23.4)
	(189.4)	(152.0)	(231.5)	(169.1)	(25.0)

7. General and administrative expenses

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
	(Unaudited)				
Wages and other benefits	(5.2)	(3.0)	(4.0)	(3.7)	(3.3)
Other General and administrative expenses	(6.7)	(8.9)	(13.3)	(10.9)	(7.8)
	(11.9)	(11.9)	(17.3)	(14.6)	(11.1)

8. Net finance costs

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
	(Unaudited)				
Finance Income:					
Bank interest receivable	2.0	0.6	0.7	2.0	6.9
Other	2.4	4.0	4.3	3.3	4.9
	4.4	4.6	5.0	5.3	11.8
Finance costs:					
Interest payable on borrowing and loans (Note 17)	(110.0)	(150.7)	(207.7)	(221.7)	(187.1)
Guarantee fees	(0.3)	(0.4)	(0.6)	(0.4)	(0.4)
Loss on derivative financial instruments (Note 22.3)	-	-	-	(7.4)	(0.3)
Unwinding of discount on decommissioning provisions (Note 19)	(1.1)	(1.7)	(2.2)	(2.2)	(4.6)

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
	(Unaudited)				
Other charges	(2.3)	(0.5)	(0.8)	(0.1)	(0.1)
Capitalisation of borrowing costs to oil and gas properties	1.1	-	-	-	147.8
	(112.6)	(153.3)	(211.3)	(231.8)	(44.7)
Net finance costs	(108.2)	(148.7)	(206.3)	(226.5)	(32.9)

9. Income taxes

Until 31 December 2021, NewMed acted as a “transparent” entity for tax purposes according to the Income Tax Regulations of the state of Israel, and therefore the income tax was attributed to the NewMed Unitholders, and NewMed was obligated to pay the tax on behalf of the NewMed Unitholders. Those such payments were recorded directly to NewMed’s equity.

In September 2021, an amendment to the Income Tax Regulations was published whereby effective from tax year 2022 a change occurred in the tax regime that applies to NewMed, such that it is taxed as a company with respect to its taxable income. As a result, NewMed recorded a deferred tax liability for any temporary differences (mainly oil and gas properties) and from 1 January 2022, a current tax liability was recorded.

The major components of income tax expenses are as follows:

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
	(Unaudited)				
Current income tax expense	(16.6)	-	-	-	-
Deferred tax expense	(88.0)	(216.3)	(207.8)	-	-
Tax expense	(104.6)	(216.3)	(207.8)	-	-
Net of tax credit in respect of discontinued operation	(5.7)	-	-	-	-
Tax expense in the income statement	(110.3)	(216.3)	(207.8)	-	-

A reconciliation between total tax expense and the accounting profit multiplied by the standard rate of corporation tax for the nine months ended 30 September 2022 as follows:

Profit before taxation	445.0
Taxation at 23.0%	(102.3)
Effects of:	
Expenses not deductible for tax purposes	(1.0)
Adjustment of deferred tax balances	(4.6)
Others	(2.4)
Tax expense in the income statement	(110.3)

Deferred Tax

The major components of income tax expenses are as follows:

Statement of Financial Position

	As at 30 September	As at 31 December		
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Deferred tax liabilities				
Oil and gas properties	(255.8)	(195.6)	-	-
Intangible assets	(7.4)	-	-	-
Other long-term receivables	(1.2)	(0.2)	-	-
Financial Instruments	(34.3)	(24.0)	-	-
Other receivables	(4.6)	(0.5)	-	-
	(303.3)	(220.3)	-	-
Deferred tax assets				
Exploration and evaluation assets	6.9	9.6	-	-
Intangible assets	-	0.1	-	-
Other ⁽¹⁾	0.4	2.8	-	-
	7.3	12.5	-	-
Net deferred tax liabilities	(296.0)	(207.8)	-	-

(1) Other' deferred tax assets mainly relate to trade and other payables.

Analysed as follows:

Continuing operations	(296.0)
Discontinued operations	-
Net deferred tax liabilities	(296.0)

10. Discontinued operations

On 2 September 2021, NewMed engaged in an agreement for the sale of NewMed's remaining 22% rights in the Tamar Project to Tamar Investment 1 RSC Limited and Tamar Investment 2 RSC Limited. On 9 December 2021, the transaction was closed, and as of the report approval date, the purchasers transferred the sale consideration of approximately US\$969 million.

The Sale, as defined in the Agreement, includes NewMed's rights of 22% in each one of the Tamar and Dalit Leases, together with NewMed's share in the shares of Tamar 10-Inch Pipeline Ltd. (holder of the transmission license under Section 10 of the Natural Gas Sector Law), and the rights and obligations of NewMed in the Joint Operation Agreement which applies to the Leases, the agreement for the use of Yam Tethys facilities (relative to NewMed's share as a holder of rights in the Tamar Lease), in agreements for the sale of natural gas and condensate from the Tamar Lease, agreements for natural gas export (including the agreements associated with the export agreements and export approvals to Jordan and Egypt) and in additional related agreements between the holders of the rights in the Leases.

As a result of this transaction, the investment and associated results generated through the Tamar Project were classified as discontinued operations and as a disposal group held for sale. However, as a result of the transaction being proposed and sold in the same period, no held for sale amounts are present at any of NewMed reporting dates presented within the Statement of Financial Position.

The results of the discontinued operations, which have been included in the statement of comprehensive Income, were as follows:

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
Discontinued operations	(Unaudited)				
Sales from contracts with customers	-	225.9	289.9	332.0	449.3
Royalties	(14.4)	(44.6)	(57.1)	(67.9)	(93.5)
Revenue	(14.4)	181.3	232.8	264.1	355.8
Cost of sales	-	(31.9)	(37.2)	(56.8)	(83.6)
Gross profit/(loss)	(14.4)	149.4	195.5	207.3	272.3
Share of loss of an associate	-	-	-	-	(36.7)
Levy (See Note 28 below)	(2.1)	(31.8)	(43.8)	(3.8)	-
Operating profit/(loss)	(16.5)	117.6	151.7	203.5	235.6
Finance income	-	0.3	0.4	0.3	9.3
Finance costs	-	(0.3)	(0.4)	(0.7)	(2.8)
Profit/loss before tax from discontinued operations	(16.5)	117.6	151.7	203.1	242.1
Income tax	5.7	-	-	-	-
Profit/(loss) after tax from discontinued operations	(10.8)	117.6	151.7	203.1	242.1
Gain on sale of oil and gas properties	4.3	-	144.6	-	-
Profit/(loss) for the year/period	(6.5)	117.6	296.3	203.1	242.1
Other comprehensive income/(loss):					
Amounts which shall not subsequently be reclassified to profit or loss:					
Income (Loss) from investment in equity instruments designated for measurement at fair value through other comprehensive income	-	13.6	13.6	(29.3)	(41.3)
Other comprehensive Income/(loss)	-	13.6	13.6	(29.3)	(41.3)
Total comprehensive income/(loss)	(6.5)	131.2	309.9	173.8	200.8

Details of the cash flows of the discontinued operations which are included in the statement of cash flows are as follows:

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
	(Unaudited)				
Operating activities	5.6	124.6	175.2	253.9	321.6
Investing activities	11.0	23.1	841.9	(18.7)	(23.9)
Financing activities	-	-	-	-	-
Net cash flows from discontinued operations	16.6	147.7	1,017.1	235.2	297.7

Details of earnings per unit from discontinued operations have been provided within Note 21.2.

Investment in listed equity shares

The discontinued operations include an investment in listed equity shares (Level 1 in the fair value hierarchy) of Tamar Petroleum Limited. The investment in Tamar Petroleum Limited is closely related to the discontinued operations of the Tamar gas field and was therefore reclassified as part of the discontinued operations. This investment was classified as an equity instrument designated at fair value through other comprehensive income.

On 27 April 2021, NewMed entered into an agreement with a third party for the off-exchange sale of all its holdings in Tamar Petroleum shares, in consideration for the total sum of approx. ILS 100 million (approximately US\$31 million). On 5 May 2021, the said transaction was closed, and in the context thereof, the shares were transferred against payment of the consideration.

See Note 22.2 below for the details on the recognition, measurement, valuation techniques and inputs used for this investment.

11. Exploration and evaluation assets

	Nine months ended 30 September	Years ended 31 December		
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Cost				
<i>At the beginning of period</i>	131.3	125.4	117.6	114.9
Additions	6.7	5.9	7.8	2.7
Impairment	(14.6)	-	-	-
<i>At the end of period</i>	123.4	131.3	125.4	117.6

Impairment review

On 20 June 2022, 405/New Ofek and 406/New Yahel (the “**New Ofek and New Yahel Licenses**”) expired and NewMed did not join the application of the operator of the New Ofek and New Yahel Licenses to the Petroleum Commissioner in a request to extend their validity. Accordingly, NewMed recorded an impairment of its investments in the New Ofek and New Yahel Licenses in the amount of approx. US\$14.6 million.

12. Oil and gas properties

	Nine months ended 30 September	Years ended 31 December		
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Cost				
<i>At the beginning of period</i>	2,871.5	3,953.9	3,859.6	3,193.0
Additions	70.8	29.0	78.2	633.9
Increase/(decrease) in decommissioning provision	(24.0)	6.7	16.1	32.7
Disposal (Note 10)	-	(1,118.1)	-	-
<i>At the end of period</i>	2,918.3	2,871.5	3,953.9	3,859.6
Accumulated Depletion				
<i>At the beginning of period</i>	432.4	639.4	548.0	502.6
Charge for the year	58.1	81.2	91.4	45.4
Disposal (Note 10)	-	(288.2)	-	-
<i>At the end of period</i>	490.5	432.4	639.4	548.0
Net book value	2,427.8	2,439.1	3,314.5	3,311.6

13. Intangible assets

	Nine months ended 30 September	Years ended 31 December		
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Cost				
<i>At the beginning of period</i>	209.2	188.1	169.1	44.5
Additions	18.4	38.6	19	124.6
Disposal (Note 10)	-	(17.5)	-	-
<i>At the end of period</i>	227.6	209.2	188.1	169.1
Accumulated Depletion				
<i>At the beginning of period</i>	23.4	11.4	-	-
Additions	9.0	12.7	11.3	-
Disposal (Note 10)	-	(0.6)	-	-
<i>At the end of period</i>	32.4	23.4	11.3	-
Net Book Value	195.2	185.8	176.8	169.1

14. Investment in associate

	US\$m
As at 31 December 2018	124.2
Investment (Note 14.1)	75.0
Share of net loss of associate undertaking	(36.6)
Reclassification to financial instruments (Note 14.2)	(87.6)

	US\$m
As at 31 December 2019	75.0
Share of net loss of associate undertaking	(7.7)
As at 31 December 2020	67.3
Share of net loss of associate undertaking	(4.5)
As at 31 December 2021	62.8
Share of net loss of associate undertaking	(3.4)
As at 30 September 2022	(59.4)

14.1 Investment in EMED Pipeline B.V. (“EMED”)

EMED is an SPV which is registered in the Netherlands and was established for the purpose of the transaction of purchase of EMG shares and for the purchase of rights in the EMG Pipeline. As of the historical financial information date NewMed holds a 25 per cent. interest in EMED.

14.2 Investment in Tamar Petroleum Ltd (“Tamar Petroleum”)

The reclassification to financial instruments reflects the company’s loss of significant influence in Tamar Petroleum, being reclassified into financial instruments (See Note 22.2 below)

Below is the summarised financial information of EMED:

	As at 30 September		As at 31 December	
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Non-current assets	462.1	458.5	545.3	593.7
Current assets	94.9	82.5	36.6	16.9
Total Assets	557.0	541.0	581.9	610.6
Non-current liabilities	284.9	262.4	262.0	295.6
Current liabilities	34.6	27.4	50.7	15.1
Total liabilities	319.5	289.8	312.7	310.7
Net Assets	237.5	251.2	269.2	299.9
Partnership’s share in %	25%	25%	25%	25%
Partnership’s share of net assets	59.4	62.8	67.3	75.0

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
Revenues	47.7	39.2	53.4	27.2	-
Loss for the period	13.6	(14.6)	(17.9)	(30.7)	-
Partnership’s share in %	25%	25%	25%	25%	25%
Partnership’s share of loss for the period	(3.4)	(3.7)	(4.5)	(7.7)	-

15. Other long-term receivables

	As at 30 September	As at 31 December		
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Receivables royalties from the state of Israel	27.7	34.5	28.7	25.9
Receivables overriding royalties from related parties	4.0	3.5	2.9	3.5
Receivables overriding royalties from third parties	7.3	5.4	4.9	2.1
Loan amounts due from associate undertakings	20.5	16.6	22.5	31.8
Long-term accrued expenses	-	-	-	3.6
Advance tax payments paid on behalf of unitholders	-	-	3.2	9.4
Others	-	-	1.0	2.3
	59.5	60.0	63.2	78.6

16. Other receivables

	As at 30 September	As at 31 December		
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Receivables within joint ventures	52.7	22.4	4.6	62.4
Loan amounts due from associate undertakings	2.5	0.1	-	-
Receivables from the sale of oil and gas properties	4.3	10.5	-	-
Prepaid expenses	12.7	14.0	12.1	7.3
Others	2.7	2.3	1.8	2.4
	75.0	49.3	18.5	72.1

17. Interest-bearing loans and borrowings

(A) Composition of borrowings and loans

	As at 30 September	As at 31 December		
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Tamar Bonds (Section C2)	-	-	635.4	953.6
Leviathan Bonds (Section C1)	2,195.9	2,224.8	2,219.3	0.0
Series A Bonds (Section C3)	-	-	393.8	397.2
Loans from banking corporations (Section C4)	-	-	-	1,927.3
	2,195.9	2,224.8	3,248.5	3,278.1
Net of Current Maturities of bonds	(466.0)	-	(393.8)	(319.4)
Total (net of Current Maturities)	1,729.9	2,224.8	2,854.7	2,958.7

(B) **Maturities by years:**

	Amount (\$ in millions)	Amortised Cost (\$ in millions)	Interest	Stated Maturity
As at 30 September 2022				
Leviathan Bond-2023	466.0	466.0	5.750%	June 2023
Leviathan Bond-2025	600.0	595.8	6.125%	June 2025
Leviathan Bond-2027	600.0	593.3	6.500%	June 2027
Leviathan Bond-2030	550.0	540.9	6.750%	June 2030
Total	2,216.0	2,196.0		
As at 31 December 2021				
Leviathan Bond-2023	500.0	498.0	5.750%	June 2023
Leviathan Bond-2025	600.0	594.7	6.125%	June 2025
Leviathan Bond-2027	600.0	592.2	6.500%	June 2027
Leviathan Bond-2030	550.0	539.9	6.750%	June 2030
Total	2,216.0	2,224.8		
As at 31 December 2020				
Series A Bonds	395.3	393.8	4.500%	Dec. 2021
Leviathan Bond-2023	500.0	496.6	5.750%	June 2023
Tamar Bond-2023	320.0	318.3	5.082%	Dec. 2023
Leviathan Bond-2025	600.0	593.2	6.125%	June 2025
Tamar Bond-2025	320.0	317.1	5.412%	Dec. 2025
Leviathan Bond-2027	600.0	590.8	6.500%	June 2027
Leviathan Bond-2030	550.0	538.7	6.750%	June 2030
Total	3,285.3	3,248.5		
As at 31 December 2019				
Tamar Bond-2020	320	319.4	4.435%	Dec. 2020
Loans from banking corporations	300	296.9	LIBOR plus margin	Dec. 2020
Loans from banking corporations	1,646.2	1,630.4	LIBOR plus margin	Feb. 2021
Series A Bonds	400.2	397.2	4.500%	Dec. 2021
Tamar Bond-2023	320	317.7	5.082%	Dec. 2023
Tamar Bond-2025	320	316.5	5.412%	Dec. 2025
	3,306.4	3,278.1		

(C) **Additional Information**

(i) Leviathan Bonds

On 18 August 2020, Leviathan Bond Ltd., an SPC that is wholly held by NewMed, has issued four series of US dollars bonds in a total amount of US\$2.25 billion. The interest on each one of the bond Series will be paid twice a year, on June 30 and on December 30. On 3 August 2020, Leviathan Bond Ltd. received the approval of the TASE for the listing of the bonds on the TACT-Institutional system of TASE ("TACT Institutional").

On May 22, 2002, the board of directors of approved a plan to purchase the bonds issued by Leviathan Bond Ltd, in a cumulative amount of up to \$100 million for a period of two years. As at the Latest Practicable Date, NewMed made buy-backs of approx. \$74.6 million par value of bonds of Leviathan Bond in exchange for approx. \$75.4 million, which includes the interest accrued as of the buy-back date.

(ii) Tamar Bonds

In May 2014 Delek & Avner (Tamar Bond) Ltd., a fully owned SPC of NewMed, has issued five series of bonds in the total sum of US\$2 billion. Following the sale of NewMed's remaining interests in the Tamar Project, as aforementioned in Note 10, in December 2021 NewMed made a full and final payment in the sum of approx. US\$640 million for the remaining balance of the principal of the bonds that were secured by pledges on NewMed's interests in the Tamar Project.

(iii) Series A Bonds

In December 2016, NewMed issued to the public ILS 1,528,533,000 par value of Series A Bonds (approx. US\$400 million), which were listed on the TASE and with maturity date on 31 December 2021. The bonds were issued in consideration for their par value, linked to the US dollar rate on the issuance date and they bore fixed annual interest of 4.50 per cent. The consideration received net of issue costs totalled approx. US\$392.6 million. Series A Bonds were repaid on time on 31 December 2021.

(iv) Loans from banking corporations

(a) On 20 February 2017, a financing agreement was signed (the “**Financing Agreement**”) between NewMed and a consortium of local and international financial institutions headed by HSBC Bank Plc. and J.P. Morgan Limited whereby NewMed was provided with a limited-recourse facility in the sum up to US\$1.75 billion (the “**Loan**”), for the purpose of financing its share in the balance of the investment in the development of the Leviathan project. The loan principal was to be repaid in a single installment within 48 months from the date of execution of the Financing Agreement. The Loan was a US dollar loan and bore variable interest to be paid every period, which is calculated according to LIBOR plus a graded margin. On August 2020, the loan was fully paid after the issuance of Leviathan Bonds.

(b) On 1 August 2019, NewMed signed two loan agreements with a banking consortium headed by HSBC Bank Plc and J.P. Morgan Limited and with the participation of Citibank N.A. Israel Branch and Goldman Sachs Bank USA, regarding the provision of two credit facilities in the total amount of US\$300 million, one of up to US\$75 million and the other of up to US\$225 million, from which NewMed may draw down until 31 December 2019. The Loans were to be repaid in one installment in December 2020 and will bore a variable annual interest to be paid every three months and calculated according to LIBOR interest plus a margin at an effective rate (including fees) of approx. 4 per cent.. On August 2020, the loan was fully paid after issuing of Leviathan Bonds.

(v) Bank credit

On 5 December 2021, NewMed signed facility documents for the provision of revolving bank credit from an Israeli bank, which may be used by NewMed for its current business. According to the terms and conditions of the credit facility, NewMed may, from time to time, draw down loans in US dollars up to a sum total of US\$100 million, during a term commencing on 6 December 2021 and ending on 6 December 2022. In December 2022, the bank credit was extended until 6 February 2023.

The credit facility will bear interest at the rate of LIBOR + 2.7 per cent. per annum on any drawn amounts, a non-utilisation fee of 0.65 per cent. per annum of the unused balance, payable quarterly, and a one time commitment fee of 0.75 per cent.. There are debt incurrence covenants under the facility which, subject to certain conditions, limit NewMed's ability to incur additional debt. As at the Latest Practicable Date, NewMed has not yet drawn the said credit facility.

18. Trade and other payables

	As at 30 September	As at 31 December		
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Payables within joint ventures	76.8	39.8	33.4	124.3
Levy	4.7	10.5	2.0	3.3
Related parties	4.8	0.3	0.3	0.4
Payable overriding royalties to related parties	4.1	2.8	4.1	4.1
Payables overriding royalties to third parties	8.2	2.0	3.1	1.3
Royalties to the state of Israel	12.1	25.5	8.6	4.6
Participation unit-based payment	0.7	-	*	*
Payable tax on behalf of the unitholders	-	166.3	17.1	-
Provision for balancing payments due to previous years	-	14.9	-	-
Short-term lease liability	0.5	-	-	-
Accrued Interest	34.5	0.8	-	24.2
Accrued expenses	1.1	1.1	0.7	6.2
Other payables	2.5	6.7	4.3	0.8
	150.0	270.7	73.6	169.2

19. Provisions – decommissioning and well abandonment

	Nine months ended 30 September	Years ended 31 December		
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
At the beginning of period	122.0	195.5	172.3	112.2
Change in Estimates – increase/ (decrease) in decommissioning asset	(0.9)	33.9	21.0	55.5
Unwinding of discount	1.1	2.2	2.2	4.6
Amounts used	(43.0)	(68.7)	-	-
Disposal (Note 10)	-	(40.9)	-	-
At the end of period	79.2	122.0	195.5	172.3
Current Provision for decommissioning and well abandonment	(18.0)	(27.6)	(62.2)	-
Total Current Provision for decommissioning and well abandonment	(18.0)	(27.6)	(62.2)	-
Total (Net of Current Provision for decommissioning and well abandonment)	61.2	94.4	133.3	172.3

(A) **Assumptions are used in estimation of decommissioning and well abandonment provision**

NewMed provides for the estimated future decommissioning costs on their oil and gas assets at the balance sheet date. The payment dates of expected decommissioning costs are uncertain and are based on economic assumptions of the fields concerned.

NewMed measures the provision decommissioning and well abandonment on lease-by- lease bases, and currently expects to incur decommissioning at the end of each lease's date. Decommissioning provisions are discounted at the weighted average of triple A interest rate of corporate bonds to the related period of discount and estimated at 30 September 2022 between 6.5 per cent. - 6.4 per cent. (2021: 3.8 per cent.-3.6 per cent.; 2020: 3.3 per cent.-1.1 per cent.; 2019: 4.1 per cent.-2.8 per cent.) and the unwinding of the discount is presented within finance costs.

These provisions have been created based on internal and third-party estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to consider any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon market prices for the necessary decommissioning work required, which will reflect market conditions at the relevant time. In addition, the timing of decommissioning liabilities will depend upon the dates when the fields become economically unviable, which in itself will depend on future commodity prices, which are inherently uncertain.

The changes in decommissioning estimates recorded in each financial period include the impact of both changes to expected cost estimates and changes in the discount rates applied

20. Other long-term liabilities

(A) **Composition**

	As at 30 September	As at 31 December		
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Long-term lease liability	2.8	-	-	-
Deferred distribution payable to tax authorities	-	-	19.8	18.6
Provision for balancing payments due to previous years (Note 26.2.6)	-	-	13.1	12.3
	2.8	-	32.9	30.9

21. Equity

21.1 Issued units

The Limited Partner's issued units for all the periods of the historical financial information amounted to 154.8 million US dollars and consisted of 1,173,815,691 ordinary units of nominal value of 1ILS.

21.2 Earnings/(losses) per Units ("EPU")

Basic EPU is calculated by dividing the profit for the period/year by the weighted average number of ordinary shares outstanding during the year.

The basic and diluted earnings per share are the same as there are no instruments that have a dilutive effect on earnings.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	(unaudited)				
	US\$m	US\$m	US\$m	US\$m	US\$m
Profit/(loss) for the period:					
Continuing operations	334.7	69.4	108.6	162.2	(18.3)
Discontinued operations	(6.5)	117.6	296.3	203.1	242.1
Profit for basic earnings/ adjusted for the effect of dilution	328.2	187.0	404.9	365.3	223.8

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	(unaudited)				
	US\$m	US\$m	US\$m	US\$m	US\$m
Weighted average number of ordinary units (number of units in millions)	1,173.8	1,173.8	1,173.8	1,173.8	1,173.8

In calculating the profit and weighted average number of ordinary units adjusted for the effect of dilution, NewMed considered the unit-based payments settled by equity as described below in Note 25.

21.3 Other capital reserves

(A) Unit-based payments

The Unit-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 25 for further details of these plans.

(B) Capital reserve for contributions from general partner

NewMed recorded expenses in the statement of profit and loss against a capital reserve for contributions from general partner, in respect of the costs of employment of officers of the General Partner, including the employment terms of the CEO of the General Partner, in respect of director services costs and in respect of additional expenses carried by the General Partner, over and above the management fees paid by NewMed to the General Partner. On 21 September 2022 the general meeting of the holders of NewMed's participation units approved an amendment to the partnership agreement, whereby starting from 1 January 2022, NewMed will bear all of NewMed's and General Partner expenses, following the expiry of the management arrangement set in the partnership agreement, whereby the General Partner bore such expenses. As a result of the said amendment, expenses were recorded in the report period for reimbursement of assessed costs to the GP for the management expenses borne thereby during the nine months ended September 2022, which were included in general & administrative expenses.

21.4 Retained earnings

(A) Distributions made and proposed

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
Profit distributions on ordinary units declared and paid	100.2	0.3	200.2	65.7	150.4
Profit distributions on ordinary units declared but not yet paid	-	100.0	-	-	-
	100.2	100.3	200.2	65.7	150.4

(B) Distributions to tax authorities

	Nine months ended 30 September		Years ended 31 December	
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Balancing payments (Section 1 below)	2.2	85.1	36.5	45.8
Distributions to tax authorities	1.1	196.7	55.2	23.3
	3.3	281.8	91.7	69.1

Balancing Payments

According to the provisions of Section 19 of Taxation of Profits from Natural Resources Law, 5771-2011 ("**Section 19**" and the "**Law**", accordingly), the General Partner is obligated to submit to the assessing tax officer a report on the income tax of NewMed and to pay the tax deriving therefrom, on account of the tax for which the partners in NewMed are liable in the tax year in respect of which the report was filed (i.e., on account of the tax for which the holders of the participation units, on December 31 of each tax year, are liable), according to the share in NewMed of the entitled holders who are a body corporate and the share in NewMed of the entitled holders who are individuals. Note that the General Partner is liable for payment of tax advances calculated according to the tax rates applicable to companies (in 2019 to 2021 – 23 per cent.). See Note 9 above with regard to the change in the tax regime which apply to NewMed.

Implementation of the provisions of Section 19 of the Law raised difficulties and questions of interpretation in view of the difference in the tax rates applicable to companies and individuals, which were deliberated in the framework of several legal proceedings.

On 28 June 2021 the judgment of the Tel Aviv District Court was received, ruling mainly that:

- (A) With respect to payments for assessment differences made by NewMed for the tax years 2015 and 2016, NewMed is required to pay corporate holders in the past balancing payments in accordance with the "net of the financial loss" alternative described in the judgment, i.e., supplementation of the "surplus" amount that was paid for the individual holders who are subject to the higher tax rate.
- (B) With respect to 2017 forth (regarding which NewMed paid tax advances in accordance with the corporate tax rate and further thereto a "balancing" profit distribution was made considering the different tax rates of companies/individuals), it is NewMed that

will bear payment of the tax assessment differences, if any, but no balancing payments will be made in respect thereof. With regards to the manner of the future balancing and assessment differences payments, according to the judgment, NewMed will continue to act in accordance with the arrangement according to which it has acted since tax year 2017, and the judgment thus grants all of the holders of NewMed certainty as to the manner of the making of future balancing and assessment differences payments.

In addition, on 1 July 2021, several holders filed a clarification motion with the court, in which the court was moved to order how the payment should be made according to the “net of the financial loss” alternative set forth in the judgment with respect to payment of interest and linkage, and on 9 August 2021, the court ruled that lawful interest and linkage differentials be added to such payment, in accordance with the provisions of the Adjudication of Interest and Linkage Law, 5721-1961.

On 21 July 2022, NewMed transferred to a trust that was appointed by the court as the trustee responsible for the making of the payment according to the outline determined by the court for payment to entitled holders which are a body corporate in each of the years 2015-2016, a sum of approx. ILS 39.7 million (approx. US\$11.4 million), including linkage and interest.

In December 2017, NewMed and the Tax Assessor for Large Enterprises signed an agreement for collection of tax on account of the tax for which the unit holders are liable due to the estimated taxable income from NewMed’s business for 2017 (the “**2017 Tax Agreement**”). In the context of the agreement, NewMed supplemented additional tax payments in accordance with the maximum tax rate which applies to individuals due to the aforesaid estimated taxable income, by way of deduction of withholding tax from balancing distributions made to participation unit holders (the withholding tax was deducted from the distributions made to participation unit holders who are individuals, and no withholding tax was deducted from distributions made to corporate participation unit holders).

In the tax years 2018 to 2021, NewMed acted similarly to the manner in which it acted pursuant to 2017 Tax Agreement, including with regard to calculation of the estimation of NewMed’s taxable income for the aforesaid tax years and supplementation of payments made by NewMed in relation thereto in January for the following tax year. It is clarified that the estimated taxable income calculated toward the end of the tax year for each of the years 2017-2021 was calculated based on estimates and assessments and financial figures that are unaudited.

22. Financial Instruments

22.1 Financial assets at fair value through profit or loss

*Sale of rights in the Karish and Tanin leases (in this section: “**Leases**”)*

On 16 August 2016, an agreement was signed between NewMed and Energean for the sale of all the rights of NewMed and Chevron in the Leases (in this section, the “**Agreement**” and the “**Sold Rights**”, respectively), according to the terms and conditions specified in the Agreement, the principles of which are as follows:

- (A) As part of the closing of the transaction, Energean paid NewMed a sum total of US\$40 million.
- (B) Additional consideration, in the sum total of US\$108.5 million, will be paid to NewMed in ten annual equal instalments (being the Energean Loan), plus interest, in the mechanism and at the rate determined in the Agreement, commencing on March 2018, after an adoption of a final investment decision with respect to the development of the Leases.
- (C) The Sold Rights were transferred to Energean together with the obligation to pay overriding royalties existing in the Leases, which NewMed had undertaken with respect to its share (in this section, the “**Existing Royalties**”);
- (D) Energean shall pay royalties to NewMed in connection with natural gas and condensate to be produced from the Leases at the rate of 3.75 per cent. prior to the

payment of the petroleum profit levy under the Taxation of Profits from Natural Resources Law in connection with the Leases, and at the rate of 4.125 per cent. from the date of commencement of payment of the Levy, net of the amount of the Existing Royalties with respect NewMed's share in the Leases. NewMed recognised in its financial statements a contingent consideration with respect of its share of royalties receivable from Energean.

- (E) In accordance with the provisions of the Gas Framework, the Agreement determines that Energean shall transfer the export quota from the Leases to the seller and to the other Leviathan partners.

22.2 Financial assets at fair value through other comprehensive income

Investment in Tamar Petroleum Ltd

On 2 July 2017, NewMed signed a sale agreement with Tamar Petroleum Ltd. for the transfer of 9.25 per cent. (out of 100 per cent.) of the interests in Tamar project against consideration in cash and allotment of shares of Tamar Petroleum. As of the date of the sale aforesaid NewMed held 40 per cent. of the issued and paid-up capital and 16.67 per cent. of the voting rights of the Company). It is noted that in March 2018 Tamar Petroleum purchased additional 7.5 per cent. (out of 100 per cent.) of the rights in Tamar project, inter alia, in consideration for allotment of 43.5 per cent. of the Tamar Petroleum shares (post allotment). Following the aforesaid, as a result NewMed hold in Tamar Petroleum decreased to approx. 22.6 per cent. of the equity rights and approx. 13.42 per cent. of the voting rights in Tamar Petroleum.

At 6 March 2019, NewMed's CEO resigned from his position as a director of Tamar Petroleum Ltd. As a result, and after considering its voting right in Tamar Petroleum, NewMed no longer held significant influence over Tamar Petroleum and therefore reclassified its investment as a financial asset measured at fair value. The company made an irrevocable election on initial recognition to measure fair value movements through Other Comprehensive Income, as permitted for equity instruments under IFRS 9.

22.3 Financial derivatives

NewMed was exposed to possible changes in the cash flow that may derive from changes in the LIBOR interest rate, mainly from an agreement for financing the share of NewMed in the Leviathan Project development costs (see Note 17(C)(iv) above). In the context of NewMed's risk management policy, NewMed performed during 2019 IRS-type cash flow hedging transactions which hedge the changes with LIBOR interest in the sum of approx. US\$743.9 million.

The below represents interest rate financial instruments in place at the 2019 year end:

Derivative	Term	Value	Rate
Interest rate swap	Oct 19 - Oct 20	US\$342.2 million	2.700%
Interest rate swap	Mar 19 - Mar 20	US\$100 million	2.500%
Interest rate swap	May 19 - May 20	US\$100 million	2.065%
Interest rate swap	Jun 19 - Jun 20	US\$100 million	1.850%
Interest rate swap	Aug 19 - Aug 20	US\$101.7 million	1.610%

22.4 Carrying amount of financial instruments

	As at 30 September		As at 31 December	
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Financial assets:				
<i>Financial assets at amortised cost</i>				
Cash and cash equivalents	53.4	220.2	70.0	171.0
Deposits	290.6	201.4	269.9	166.4
Trade receivables	220.2	152.5	145.7	46.9
Other receivables	62.3	35.4	6.5	64.8
Other long-term receivables	20.5	16.8	23.5	34.1
<i>Financial assets at fair value</i>				
ETFs	-	19.9	-	-
Financial assets at fair value through profit or loss	365.1	326.7	314.5	246.6
Financial asset at fair value through other comprehensive income	-	-	17.0	46.4
Total financial assets	1,012.1	972.9	847.1	776.1
Financial liabilities:				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	117.7	5.5	36.1	155.6
Interest-bearing loans and borrowings	2,195.9	2,224.8	3,248.5	3,278.1
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative financial instruments	-	-	-	5.5
Total financial liabilities	2,313.6	2,230.3	3,284.6	3,439.2

22.5 Fair value hierarchy

The fair value hierarchy of financial assets and financial liabilities that are measured at fair value is as follows:

	As at 30 September		As at 31 December	
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Level 1				
ETFs	-	19.9	-	-
Financial asset at fair value through other comprehensive income	-	-	17.0	46.4
Level 2				
Financial assets at fair value through profit or loss – Energean Loan	54.5	64.4	72.3	84.7
Level 3				
Financial assets at fair value through profit or loss – Royalties receivable	310.6	260.3	242.2	161.9

22.6 Financial risk management

NewMed's transactions expose NewMed to various financial risks, such as: market risk (including currency risk, fair value risk due to interest rate, linkage to the US CPI and price risk), credit risk, liquidity risk and cash flow risk due to the exposure to the LIBOR interest rate. The general risk management plan of NewMed focuses on acts to minimize possible negative effects on NewMed's financial performance. NewMed at times uses derivative financial instruments to hedge certain exposures to risks.

(A) Foreign Currency Risk

NewMed exposes to exchange risk that arises from non-functional currency transactions mainly stated in ILS. The key source of risk is attributed to corporation tax payments since the partnership taxable income stated in ILS.

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
(Unaudited)					
Effect on profit before tax					
10% increase in ILS to US\$	(0.8)	2.2	8.0	3.1	1.1
10% decrease in ILS to US\$	0.8	(2.0)	(8.0)	(3.1)	(1.1)
Effect on equity					
10% increase in ILS to US\$	(0.8)	2.2	8.0	3.1	1.1
10% decrease in ILS to US\$	0.8	(2.0)	(8.0)	(3.1)	(1.1)

(B) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss. NewMed are exposed to credit risk from their operating activities (primarily for trade receivables) and from their financing activities, including deposits with banks. NewMed sells hydrocarbons only to recognised and creditworthy

parties. There are no significant concentrations of credit risk within NewMed and credit losses are expected to be near to zero.

The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

Set below are the principal customer balances and turnover:

	As at 30 September		As at 31 December		
	2022	2021	2020	2019	
	US\$m	US\$m	US\$m	US\$m	
IEC	-	0.1	17.8	17.0	
NEPCO	60.3	35.5	39.4	-	
Blue Ocean	125.4	96.9	65.8	-	
Others	34.5	20.0	22.7	29.9	
Total	220.2	152.5	145.7	46.9	

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
	(Unaudited)				
IEC	3.0	90.9	91.1	183.5	-
NEPCO	243.1	203.6	264.8	178.9	-
Blue Ocean	424.9	208.9	298.2	144.7	-
Others	184.7	177.9	228.4	80.0	4.1
Total	855.7	681.3	882.5	587.1	4.1

(C) **Commodity Price Risk**

Contracts for the supply of natural gas determined the gas price according to price formulas which include various linkage components, including linkage to the Electricity Production Tariff, linkage to the Brent barrel price and linkage to the ILS:USD exchange rate. Contracts for the supply of natural gas signed by NewMed determined, in addition to the price formulas, also floor prices which limit, to a certain extent, the exposure to fluctuations in the linkage components, but there is no certainty that NewMed will be able to determine such floor prices also in new contracts that shall be signed thereby in the future.

A decrease in the Electricity Production Tariff and/or a decline in the Brent prices and/or a rise in the ILS:USD exchange rate (a devaluation of the Israeli new shekel against the US dollar), may have an adverse effect on NewMed's revenues from the existing and future gas sale agreements.

It is noted that the frequent methodological changes made by the Electricity Authority to the method of calculation of the Electricity Production Tariff make it difficult to predict the same and may lead to disputes between the gas suppliers and customers in connection with the method of calculation thereof. In this context it is noted that with respect to some of the private power plants (including plants that were sold by the IEC)), the Electricity Authority introduced system marginal price (SMP) regulation whereby every 30 minutes, the wholesale electricity price is determined according to the marginal cost for production of one additional kilowatt-hour in the economy, based on half-hour tenders conducted by the manager of the electricity system between the various power producers each day. The said pricing method may have an effect on the prices of the natural gas that shall be sold by NewMed to power producers in the domestic market in a case where the gas prices in future contracts shall be linked to the said pricing.

The demand for natural gas of customers of NewMed and the price thereof are affected, *inter alia*, by significant changes in the prices of oil, natural gas, including LNG, and the prices of other energy sources, including coal, sources of renewable energy and other substitutes for the produced natural gas that is marketed by NewMed, both in the domestic market and in the international markets. Thus, for example, low LNG prices in the international markets may lead to increased import of LNG to Israel and/or to the regional markets, reduce the demand for natural gas in the markets relevant to NewMed and adversely affect NewMed's revenues from the Leviathan Field. An increase in supply, a decrease in demand or a decrease in prices of energy sources which are alternatives to natural gas (including coal, sources of renewable energy and other products) in the domestic market or in the international markets may reduce the demand on the part of existing and potential customers, and lead to a decrease in the price of natural gas sold by NewMed, which may have an adverse effect on NewMed, its financial position and its results of operations.

Reforms and decisions relating to the electricity sector and the energy sector generally, including changes to environmental laws, may also reduce the demand for the natural gas sold by NewMed and/or affect the price thereof.

In addition, material events in the global economy such as an economic slowdown, recession, inflation, irregular volatility in foreign exchange rates, trade wars, an impairment of the efficient functioning of the global manufacture and supply chains in general, and the segments of engineering, manufacture and supply of components for the oil and gas industry in particular, as well as weather conditions, including global warming, the eruption of epidemics such as COVID-19 and natural disasters, may also reduce the demand for the natural gas sold by NewMed and/or affect the price thereof and/or adversely affect NewMed's revenues from existing and future gas sale agreements, as well as the making of decisions on investment in new natural gas projects and/or expansion of existing projects.

Set below are sensitivity tests to financial assets measured at fair value through profit or loss in respect royalties receivable from Energean to a change in commodity prices, with other variables remaining constant:

Change in the price of natural gas

	30%	20%	10%	5%	Fair value	(5%)	(10%)	(20%)	(30%)
31 December 2021	14.8	12.2	72.2	(2.0)	262.2	(6.7)	(12.1)	(18.2)	(25.1)
31 December 2020	18.9	14.6	4.4	(1.4)	242.2	(5.5)	(11.0)	(15.8)	(22.8)
31 December 2019	23.2	17.1	7.8	5.4	161.9	(2.3)	(7.8)	(13.3)	(22.8)
30 September 2022	19.3	15.1	3.6	(2.2)	310.6	(6.3)	(14.0)	(21.3)	(34.4)

Change in the price of Condensate

	30%	20%	10%	5%	Fair value	(5%)	(10%)	(20%)	(30%)
31 December 2021	7.8	7.2	0.9	(2.8)	262.2	(4.7)	(8.9)	(11.8)	(20.7)
31 December 2020	13.4	6.6	(0.2)	3.5	242.2	(3.2)	(6.4)	(13.0)	(15.0)
31 December 2019	7.3	9.9	3.5	1.7	161.9	(1.7)	(1.9)	(3.9)	(7.3)
30 September 2022	9.2	10.1	2.0	(3.2)	310.6	(4.8)	(9.7)	(12.3)	(22.3)

(D) Liquidity Risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially can increase the risk of losses. NewMed strives to ensure that the cash, the held deposits, and short-term investments, together with the forecasted income, shall always be sufficient to cover obligations on the respective maturity dates thereof. The foregoing does not take into account the effects of extreme scenarios that cannot be foreseen.

The following tables detail NewMed's remaining contractual maturity for its financial liabilities presented in. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which NewMed can be required to pay.

31 December 2021	3 months or less	3-12 months	1-3 years	3-5 years	More than 5 years	Total
Trade and other payables	5.5	-	-	-	-	5.5
Interest-bearing loans and borrowings	-	141.6	740.1	770.6	1,299.5	2,951.8
Total	5.5	141.6	740.1	770.6	1,299.5	2,957.3

31 December 2020	3 months or less	3-12 months	1-3 years	3-5 years	More than 5 years	Total
Trade and other payables	36.1	-	-	-	-	36.1
Interest-bearing loans and borrowings	-	588.3	1,156.0	1,162.0	1,375.6	4,281.9
Total	36.1	588.3	1,156.0	1,162.0	1,375.6	4,318.0

31 December 2019	3 months or less	3-12 months	1-3 years	3-5 years	More than 5 years	Total
Trade and other payables	131.4	-	-	-	-	131.4
Derivative financial instruments	1.0	0.5	4.0	-	-	5.5
Interest-bearing loans and borrowings	6.6	700.1	2,274.8	708.2	-	3,689.7
Total	139.0	700.6	2,278.8	708.2	-	3,826.6

30 September 2022	3 months or less	3-12 months	1-3 years	3-5 years	More than 5 years	Total
Trade and other payables	117.7	-	-	-	-	117.7
Interest-bearing loans and borrowings	69.8	535.8	825.8	752.3	661.4	2,845.1
Total	187.5	535.8	825.8	752.3	661.4	2,962.8

(E) **Interest Rate Risk**

An interest risk is the risk that the fair value or the future cash flows of financial assets will change as a result of changes in the market interest rates. The financial instruments that bear variable interest expose NewMed to cash flow and profit and loss risk due to changes in the interest rate. In addition, until August 2020, NewMed was exposed to possible changes in the cash flow that may derive from changes in the LIBOR interest rate, mainly from an agreement for financing the share of NewMed in the Leviathan project development costs, the liabilities in respect of which were paid in the context of the issuance of the bonds of Leviathan bond as provided in Note 17C above. In 2021 NewMed had short-term investments that bear variable interest.

Set out below are financial instruments that bear interest according to their book value:

	As at 30 September		As at 31 December	
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Financial Assets				
Bank Deposits	343.5	320.9	333.0	314.0
Other receivables	52.6	23.3	4.6	63.7
Other Long-term receivables	-	-	1.3	2.3
	396.1	344.2	338.9	380.0
Financial liabilities				
Derivative financial instruments	-	-	-	5.5
Interest-bearing loans and borrowings	-	-	-	1,927.3
	-	-	-	1,932.8

Set below are sensitivity tests which measure the effect of the change in the LIBOR interest rate, with other variables remaining constant:

	0.5%	(0.5%)
31 December 2021	1.7	(1.7)
31 December 2020	1.7	(1.7)
31 December 2019	7.8	(7.8)
30 September 2022	2.0	(2.0)

Set below are sensitivity tests to financial assets measured at fair value through profit or loss in respect of change in discount interest rate, with other variables remaining constant:

30 September 2022	2%	1%	Fair value	(1%)	(2%)
Financial assets at fair value through profit or loss – Royalties receivable	(16.5)	(5.7)	310.6	5.9	18.5
Financial assets at fair value through profit or loss – Energean Loan	(1.7)	(0.6)	54.5	0.6	1.8
Total	(18.2)	(6.3)	365.1	6.5	20.3

31 December 2021	2%	1%	Fair value	(1%)	(2%)
Financial assets at fair value through profit or loss – Royalties receivable	(19.0)	(9.8)	262.2	10.6	21.9
Financial assets at fair value through profit or loss – Energean Loan	(2.8)	(1.4)	64.4	1.5	3.1
Total	(21.8)	(11.2)	326.6	12.1	25.0

31 December 2020	2%	1%	Fair value	(1%)	(2%)
Financial assets at fair value through profit or loss – Royalties receivable	(21.7)	(11.7)	242.2	12.2	25.4
Financial assets at fair value through profit or loss – Energean Loan	(3.7)	(1.9)	72.3	2.0	4.0
Total	(25.4)	(13.6)	314.5	14.2	29.4

31 December 2019	2%	1%	Fair value	(1%)	(2%)
Financial assets at fair value through profit or loss – Royalties receivable	(18.2)	(9.5)	161.9	10.5	22.2
Financial assets at fair value through profit or loss – Energean Loan	(4.8)	(2.5)	84.7	2.6	5.4
Total	(23.0)	(12.0)	246.6	13.1	27.6

23. Cash and Cash equivalents

	As at 30 September		As at 31 December	
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
In U.S Dollars:				
Cash in banks	30.2	194.1	35.4	62.2
Deposits in banks	14.0	20.0	28.0	85.6
	44.2	214.1	63.4	147.8
In ILS:				
Cash in banks	7.5	0.2	2.6	10.8
Deposits in banks	1.7	5.9	4.0	12.4
	9.2	6.1	6.6	23.2
Total	53.4	220.2	70.0	171.0

24. Deposits

	As at 30 September	As at 31 December		
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Short-term deposits				
In U.S Dollars	289.9	100.5	169.2	63.3
In ILS	0.2	0.2	0.2	0.2
	290.1	100.7	169.4	63.5
Long-term deposits				
In U.S Dollars	0.5	100.7	100.5	102.9
	0.5	100.7	100.5	102.9
Total	290.6	201.4	269.9	166.4

25. Unit-based payments

The expense recognised for employee services received during the period is shown in the following table:

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
Expense arising from equity-settled unit-based payment transactions (Note 25.1)	0.4	-	-	-	-
Expense arising from cash-settled unit-based payment transactions (Note 25.2)	0.3	-	-	-	-
Total expense arising from share-based payment transactions	0.7	-	-	-	-

25.1 Equity-settled transactions

On 28 September 2022, the remuneration committee, and the board of directors approved the CEO employment conditions (the “**Approval Date**”), including the granting of equity-based payments of 3,295,599 non-marketable options exercisable for 3,295,599 participation units, in accordance with the remuneration policy and the options plan pursuant to Section 102 of the Income Tax Ordinance (New Version), 5721-1961.

The options will be vested in three equal annual installments, starting from the Approval Date. The exercise price of the first installment is ILS 8.66, which is equal to the average closing price of the participation units on the TASE at the end of the 30 trading days preceding the Approval Date. The exercise price of the second installment and third installment are ILS 9.10 and ILS 9.55 accordingly.

The value of the annual benefit resulting from the granting of the options, i.e. the economic value of the options on the Approval Date when divided into three, shall not exceed a total of ILS 3,300 thousand.

The following table lists the inputs to the binomial model used for the fair value measurement of equity-settled share options for the above plan:

Standard deviation at a rate of (%)	49.9
Risk-free interest rate (%)	2.31
Expected life of unit options (years)	5
Unit price (ILS)	9.35
Abandonment rate after the vesting period (%)	0

Based on the above inputs, the fair value of the options was determined at ILS 9.8 million at the grant date.

Additional details regarding the equity-based payments:

	Nine months ended 30 September	Years ended 31 December		
	2022	2021	2020	2019
Total Outstanding at the beginning/end of the period	3,295,599	-	-	-
Unit options exercisable at end of period	-	-	-	-

25.2 Cash-settled transactions

1. In July 2019, the General Partner granted NewMed's CEO 2,742,231 phantom units whose underlying asset is a participation unit conferring a working interest in the rights of the limited partner in NewMed (the "**Phantom Units**"). The Phantom Units shall vest in three installments (the "**Overall Package**"), with each one of the installments included in the Overall Package being exercisable from the vesting date of such installment until the lapse of one year from the vesting date of the third installment (i.e. 1 June 2023). If Mr. Abu ceases to be the CEO during the savings period, the vesting period of the outstanding Phantom Units will end and any unexercised Phantom Units will expire.

Following the amendment of the partnership agreement (as described at Note 27.3 (F)) in September 2022, as of 1 January 2022 the cost of employment of NewMed's CEO is imposed on NewMed, and not on the General Partner.

The fair value of the Phantom Units granted to the CEO on the date of grant, 10 July 2019 is approx. ILS 5.4 million (the fair value valuation was prepared using the binomial model).

The following table lists the inputs to the binomial model used for the fair value measurement of cash-settled share options for the above plan:

	As at 30 September	As at 31 December		
	2022	2021	2020	2019
Standard deviation at a rate of (%)	37.3	37.7	61.7	29.9
Risk-free interest rate (%)	2.64	0.02	0.13	0.33
Expected life of unit options (years)	0.67	1.42	2.42	3.42
Unit price (ILS)	8.57	6.72	3.88	8.76
Abandonment rate after the vesting period (%)	0	0	0	0

Exercise price

	As at 30 September	As at 31 December		
	2022	2021	2020	2019
	ILS	ILS	ILS	ILS
First Installment	8.40	9.10	10.05	10.24
Second Installment	8.94	9.64	10.59	10.78
Third installment	9.50	10.20	11.15	11.34

- On 13 July 2016, the board of the General Partner resolved to adopt a phantom unit plan for senior officers of NewMed and the General Partner. According to the terms and conditions of the phantom unit plan, 1,600,278 phantom units were granted (out of which the General Partner granted 72,740 phantom units), whose underlying asset is a participation unit conferring a working interest in the rights of the limited partner in NewMed, the Phantom Units expired during October 2019.
- On 12 March 2018, according to the terms and conditions of the phantom unit plan, 174,064 phantom units were granted, whose underlying asset is a participation unit conferring a working interest in the rights of the limited partner in NewMed, the first installment of the phantom units expired during March 2021 and the second and third installments of the phantom units expired during March 2022.

The following table lists the inputs to the binomial model used for the fair value measurement of cash-settled share options for the above plan:

Exercise price

	As at 30 September	As at 31 December		
	2022	2021	2020	2019
	ILS	ILS	ILS	ILS
First Installment	-	-	10.68	10.87
Second Installment	-	10.15	11.27	11.46
Third installment	-	10.76	11.8	12.07

	As at 30 September	As at 31 December		
	2022	2021	2020	2019
Standard deviation at a rate of (%)	-	-		
First Installment	-	-	58.7	29.5
Second and third Installment	-	23.5	83.7	33.1
Risk-free interest rate (%)	-	-		
First Installment	-	-	0.04	0.13
Second and third Installment	-	0.03	0.11	0.20
Expected life of unit options (years)	-	-		
First Installment	-	-	0.20	1.20
Second and third Installment	0.2	-	1.20	2.20
Unit price (ILS)	6.72	-	3.88	8.76
Abandonment rate after the vesting period (%)	0	-	0	0

Additional details regarding the Phantom Units:

	Nine months ended 30 September		Year ended 31 December	
	2022		2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Total Outstanding at the beginning of the period	2,916,295	9.68	2,916,295	10.64
Share options expired during the year	(174,064)	10.15	-	-
Total Outstanding at the end of the period	2,742,231	8.95	2,916,295	9.68
Unit options exercisable at end of period	2,742,231	8.95	1,886,175	9.39
	Years ended 31 December			
	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Total Outstanding at the beginning of the period	2,916,295	10.83	1,774,342	11.27
Share options granted during the year	-	-	2,742,231	11.34
Share options expired during the year	-	-	(1,600,278)	11.18
Total Outstanding at the end of the period	2,916,295	10.64	2,916,295	10.83
Unit options exercisable at end of period	972,098	10.68	-	-

26. Capital commitments and other contingencies

26.1 Commitments – leases not yet commenced

NewMed has a lease contract that has not yet commenced as at 30 September 2022. The future lease payments for these non-cancellable lease contracts are \$0.4 million within one year, \$0.4 million in one to two years, \$1.1 million in two to five years, and \$1.6 million in more than five years.

26.2 Capital commitments

	As at 30 September	As at 31 December		
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Capital commitments related to NewMed's interest in joint ventures	116.7	207.0	196.4	95.6

26.3 Contingent liabilities

(A) Legal proceedings

Save as set out below, there are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which NewMed is aware) during the 12 months preceding the date of this document, which may have, or have had in the recent past, a significant effect on NewMed's financial position or profitability of NewMed.

- (i) Motion for Certification of a Class Action Concerning IEC Agreement against the Tamar Partners

On 18 June 2014, a class certification motion was filed with the Tel Aviv District Court against the Tamar Partners, including (at such time) NewMed, by an IEC consumer, in which it was claimed, inter alia, (in this section, the "Petitioner" and the "Motion", respectively) that the gas sold to IEC by the Tamar Partners was sold at an unfair price which constituted an abuse of the Tamar Partners' position as the holders of a monopoly in the Israeli natural gas supply sector in violation of Section 29A of the Economic Competition Law.

On 8 June 2021, a judgment of the District Court was issued denying the Motion, since: (i) the cause of action was not proved; (ii) there was no evidence that the price of natural gas in the IEC contract is unfair; and (iii) the Motion did not meet the requirement for a class action.

On 30 September 2021, the Petitioner filed an appeal from the judgment with the Supreme Court. On 9 January 2023, the appeal was denied.

- (ii) Motion for Certification of a Class Action Concerning IEC Agreement against NewMed and Chevron

In February 2020, a motion to certify a class action was filed by an electricity consumer of IEC with the Tel Aviv District Court against NewMed and Chevron (in this section, the "**Petitioner**" and the "**Motion**", respectively). The Motion argues that NewMed and Chevron have illegally used their cross-holdings in the Tamar and Leviathan Fields and their monopolistic position in the Israeli natural gas market to the detriment of consumers, causing estimated damages (based on an expert opinion) of approximately ILS 1.1 billion. Specifically, the Petitioner argues that NewMed and Chevron prevented the other holders of Tamar from amending the existing Tamar-IEC Agreement by exercising an illegal veto right; that they engaged in an illegal restraint of trade by causing both Tamar and Leviathan to offer the same price in the IEC tender conducted in March 2019 (the "IEC Tender"); and that they are charging an excessive price from the IEC in the Leviathan-IEC GSPA executed subsequent to the IEC Tender.

In the class action attached to the Motion, two distinct remedies are requested: first, payment of approximately ILS 1.1 billion of damages caused to consumers due to NewMed's and Chevron's alleged behaviour and second, a writ mandating NewMed and Chevron to allow the other Tamar Partners to execute the proposed amendment to the Tamar-IEC Agreement. This second remedy is no longer relevant since on 23 February 2021, all the Tamar Partners signed an agreement intended to enable each of the Tamar Partners to separately market their proportionate share in the natural gas produced from the Tamar Field. This could further increase NewMed's competition, particularly following the disposal of the Company's Tamar Disposal Interests pursuant to the Gas Framework.

On 9 December 2021, NewMed and Chevron filed their response to the Motion and on 28 February 2022 the Petitioner filed a response to NewMed and Chevron's response to the Motion. A pre-trial hearing on the Motion is scheduled for 26 February 2023.

In NewMed's estimation, based on the opinion of its legal advisors, it is more likely than not that the Motion will be denied.

(iii) Motion for Certification of a Class Action Concerning the NewMed and Avner Oil Merger

On 25 December 2016, a motion for class certification was filed (in this section, the "**Certification Motion**") based on the argument that the merger between NewMed and Avner Oil - Limited Partnership ("**Avner Oil**") was approved in an unfair proceeding, and the consideration that was paid to the holders of the minority units in Avner Oil, as determined in the merger agreement, was unfair. The motion was filed against Avner Oil, the general partner of Avner Oil and the members of the board of directors thereof, Delek Group as the controlling shareholder in Avner Oil (indirectly), and against PricewaterhouseCoopers Advisory Ltd. (a company incorporated in Israel) as the economic consultants of an independent board committee that was established by Avner Oil (in this section, the "**Respondents**"). According to the motion, inter alia, the committee members, the board of Avner Oil and the general partner of Avner Oil breached the duty of care vis-à-vis Avner Oil, and Avner Oil conducted itself in a manner that was oppressive towards the minority. The total damage was estimated by the petitioners to be in the amount of ILS 320 million. On 13 February 2017, the court approved a stipulation whereby the motion for class certification will be amended by adding an argument of minority oppression by Delek Group.

On 6 July 2017, the court ordered to add NewMed (as successor in all Avner Oil's rights and obligations under the merger agreement between NewMed and Avner Oil) as a respondent in accordance with NewMed's motion. As at the Latest Practicable Date, the proceedings are still ongoing.

In NewMed's estimation, based on the opinion of its legal advisors, it is more likely than not that the Certification Motion will be denied.

(iv) Motion for Certification of a Class Action Concerning the Tamar Petroleum IPO

On 4 February 2019, a class action and a motion for certification thereof (in this section, the "**Certification Motion**") was filed with the Tel Aviv District Court (Economic Department) by a shareholder of Tamar Petroleum and the Public Representatives Association (in this section collectively: the "**Petitioners**"), against Tamar Petroleum, NewMed, the CEO of the General Partner and the Chairman of the Board of Tamar Petroleum on the date of the offering, the CEO of Tamar Petroleum, the CFO of Tamar Petroleum and Leader Issues (1993) Ltd. (in this section collectively: the "**Respondents**"), in connection with the issue of the shares of Tamar Petroleum in July 2017 (in this section, the "**Tamar IPO**").

On 6 February 2020, the Attorney General gave notice that at this stage he does not deem fit to join the proceeding. According to the Petitioners, the Respondents misled the investing public in the Tamar IPO with respect to the ability of Tamar Petroleum to distribute a dividend to its shareholders, for the period commencing on the Tamar IPO date and ending at the end of 2021, and breached duties under various laws, inter alia, a breach of the duty of care of the said officers and breach of NewMed's duties as shareholder and holder of control of Tamar Petroleum before the Tamar IPO. The remedies sought include a financial remedy of at least US\$53 million.

On 1 November 2020, the Petitioners filed a motion to amend the Certification Motion (in this section, the **“Amended Motion”**), in which they sought adding to an additional petitioner who participated in the Tamar IPO, unlike the other Petitioners who did not participate therein. In addition, the Amended Motion included a motion to increase the amount of the argued damage to US\$153 million.

On 6 April 2021, the court granted the Petitioners’ motion to amend the Certification Motion.

As at the Latest Practicable Date, the proceedings are still ongoing.

In NewMed’s estimation, based on the opinion of its legal advisors, it is more likely than not that the Certification Motion will be denied.

(v) Tamar Investment Recovery Date Dispute

With respect to the calculation of the “Investment Recovery Date” for the Tamar Project, there is a dispute regarding the expenses that should be taken into account, and, in particular, whether financing expenses and the levy that will be paid by NewMed under the Taxation of Profits from Natural Resources Law should have been included in the calculation.

In January 2019, NewMed’s Supervisor filed a petition with the Tel Aviv District Court, on behalf of NewMed’s Unitholders, in which the Supervisor argued, inter alia, that the determination of the “Investment Recovery Date” for the Tamar Project did not take into account certain future Levy Payments expected to be paid by NewMed, and that if these payments were included in the calculation it would significantly postpone the “Investment Recovery Date” for the Tamar Project resulting in payments by NewMed of the royalties to Delek Energy and Delek Group at a later date.

In response to the Supervisor’s petition, Delek Group and Delek Energy filed a counter claim against NewMed in which they argue, inter alia, that the determination of the “Investment Recovery Date” should not have taken expected financing expenses into consideration when it calculated the “Investment Recovery Date” for the Tamar Project and based on a correct calculation, the Investment Recovery Date for the Tamar Project occurred much earlier than the date calculated by NewMed (i.e., in August 2015, rather than January 2018).

On 5 April 2021, a pre-trial hearing took place, during which the parties were offered to refer to mediation, following which the parties agreed to apply to former Supreme Court Justice Yoram Danziger as a mediator. As at the Latest Practicable Date, the mediation process has not yet been concluded. It is expected that any decision with respect to the calculation method of the Investment Recovery Date in the Tamar Project will also apply, mutatis mutandis, to the royalty obligations in respect of the NewMed Group’s 45.34 per cent. working interest in the Leviathan Project (as the royalty arrangements are similar to those in respect of the Tamar Project).

(vi) Motion for Certification of a Class Action Concerning the BOE GSPAs

On 23 April 2020, a holder of participation units of NewMed (in this section, the **“Petitioner”**) filed a class action and motion for class certification against NewMed, the General Partner, Delek Group, Mr. Tshuva, the directors of the General Partner (including the former chairman of the board) and the CEO of the General Partner (in this section, the **“Motion”** and the **“Respondents”**, respectively), with the Economic Department of the Tel Aviv District Court.

The Motion alleges that the Respondents refrained from disclosing, in NewMed's reports, the existence of a clause in the BOE Export Agreement and the Tamar-BOE GPSA (in this section, the "**BOE GSPAs**"), according to which in a year in which the average daily Brent barrel price (as defined in the BOE GSPAs) is lower than US\$50 per barrel, Dolphin is entitled to reduce the minimum annual quantity purchased under the BOE GSPAs, to 50 per cent. of the annual contractual quantity.

The main remedy sought in the Motion is compensation of the class which the Petitioner intends to represent, for the alleged damage incurred thereby, which is assessed, according to the opinion attached to the Certification Motion, at approximately ILS 55.5 million. The Petitioner also moved for any other remedy in favour of the class, as the court deems fit under the circumstances.

On 17 January 2021, the Respondents filed their response to the Motion, accompanied by an expert opinion. On 26 September 2021, the Petitioner filed his response to the respondents' response to the Motion, accompanied by an expert opinion. As at the Latest Practicable Date, the legal proceedings are still ongoing.

In NewMed's estimation, based on the opinion of its legal advisors, it is more likely than not that the Motion will be denied.

(vii) EMG Share Purchase Agreements Dispute

In September 2019, Lobby 99 Ltd. and Hazlacha Association (together, in this section, the "**Appellants**") filed an Appeal (in this section, the "**Appeal**") to the Competition Tribunal in Jerusalem (in this section, the "**Tribunal**") against the Director General of the Israeli Competition Authority (in this section, the "**Director General**"), EMG and EMED. The Appellants requested the Tribunal to nullify or modify the merger approval which was granted to EMG and EMED by the Director General.

On 21 December 2022 the Competition Tribunal denied the relief sought by the Appellants of vacating the approval granted to the merger and ordered the Director General to issue a supplemental decision regarding the conditions set forth in the framework of the merger's approval.

All parties have a right to appeal the Tribunal's decision to the Supreme Court within 45 days of the date of the decision.

Following redaction of the parties' confidential commercial information, the Tribunal's decision was publicly released on 9 January 2023.

(viii) Karish and Tanin Sale and Purchase Agreement Dispute

The agreement for the sale of NewMed's interests in the Karish and Tanin Leases stipulates that once Energean obtains financing for the development plan of Karish and Tanin as stipulated in the agreement, Energean will be required to immediately pay the total balance of the consideration due in connection with the sale of Karish and Tanin by NewMed to Energean. Accordingly, following the issuance of bonds by Energean on 30 April 2021, NewMed demanded immediate payment of the total balance of the consideration from Energean, which demand was rejected on the grounds that the condition for immediate payment of the balance of the consideration was not fulfilled. Consequently, on 31 May 2022, NewMed filed a claim with the Tel-Aviv District Court against Energean, inter alia, for the payment of the remaining consideration under the sale agreement. The outstanding balance

under the Energean Loan was approximately US\$63.2 million as at 30 September 2022. As at the Latest Practicable Date, the legal proceedings are ongoing.

(ix) Proceedings with respect to the Alon D License

NewMed held 52.941 per cent. of the rights in the Alon D exploration licence located in the Mediterranean, approximately 50 km north-west of the city of Naharia in Israel. The remaining rights in the Alon D licence were held by Chevron. The Alon D licence expired on 21 June 2020, and an appeal submitted to the Court by NewMed and Chevron with respect to the expiry of the licence was denied.

On 18 June 2020, the Alon D partners filed a petition with the Supreme Court (the "**Petition**"), sitting as the High Court of Justice, in which the court was moved to issue a conditional order ordering the Minister of Energy and the Petroleum Commissioner to give reasons, *inter alia*, why the Minister's decision denying the abovementioned appeal should not be revoked and why the Alon D licence should not be extended or the licence holders granted a substitute licence in its stead. As at the Latest Practicable Date, the Petitioners are waiting for the Court verdict.

In parallel to the above, on 23 June 2020, the Ministry of Energy declared a competitive process for the granting of a natural gas and oil exploration licence in Block 72, over whose area the Alon D licence extended ("**Block 72**"). NewMed and Chevron submitted a bid in said competitive process on 23 June 2020. However, the Concentration Committee acting under the Concentration Law announced its recommendation not to allow NewMed to win the competitive process, irrespective of its meeting the terms and conditions of the process. As at the Latest Practicable Date, the winner of the Block 72 competitive process has not been declared by the Ministry of Energy.

(x) Haifa Port Company Ltd. ("**Haifa Port**") Payments Dispute

On 3 May 2021, Haifa Port filed a claim against Chevron (the operator of the Leviathan Field), Coral Maritime Services Ltd. and GoldLine Shipping Ltd., in the amount of approximately ILS 77 million. According to Haifa Port's claim, the direct offloading of cargo onto the Leviathan platform, as done by Chevron, without first unloading such cargo in one of Israel's ports, is unlawful and was done to avoid making obligatory payments to the Port, thereby causing the Port a loss. As argued in the complaint, from July 2018 forward, Chevron engaged in such direct offloading, while declaring to the tax authorities that the Haifa Port was the "offloading port", although the offloaded cargoes did not actually go through the Haifa Port. On 31 August 2021 Chevron filed a counter-complaint in the amount of approximately ILS 4.4 million against Haifa Port. As at the Latest Practicable Date, the proceedings are still ongoing.

In NewMed's estimation, based on the opinion of its legal advisors, it is more likely than not that the primary claim will be denied.

(xi) Gas supply agreements between natural gas consumers and the Yam Tethys partners claim

On 12 March 2015, NewMed and Chevron (jointly in this section, the "**Plaintiffs**") filed a claim with the District Court in Jerusalem against the State of Israel through its representatives from the Ministry of Energy (in this section, the "**Defendant**"), which mainly includes the restitution of royalties overpaid by the Plaintiffs, under protest, to the Defendant, for revenues that derived to the Plaintiffs from gas supply agreements which were signed between natural gas

consumers and the Yam Tethys partners, some of which was supplied from the Tamar Project, according to an accounting mechanism designated to maintain a balance of the gas quantities in the Tamar Project between the partners therein according to their share.

On 14 November 2022, the court's judgment was received, dismissing the claim, other than in connection with the Plaintiffs' position regarding repayment of interest amounts collected by the defendant from the Plaintiffs in an immaterial amount, and charging the Plaintiffs with payment of the defendant's expenses and legal fees. According to the aforesaid, NewMed recorded expenses for the period until the sale of its full holdings in the Tamar project in the sum of approx. US\$13.5 million for the Tamar Project and approx. US\$1.6 million for the Leviathan project, which were included in the 'profit (loss) from discontinued operations' and in the royalty expenses in the continued operations, respectively. If the court's said decision of 14 November 2022, stands, NewMed will bear an additional payment to the royalty holders for gas quantities supplied by NewMed to customers of the Yam Tethys project, in the sum of about US\$5.4 million (including approx. US\$1.2 million to related parties). NewMed's intention is to file an appeal in the matter.

- (xii) Administrative Petition to reveal information about The State of Israel Proceeds from Natural Resources

On 21 April 2021, the Israel Union for Environmental Defense filed an administrative petition with the Jerusalem District Court, against the ITA, the Supervisor for Implementation of the Freedom of Information Law at the ITA, Chevron, NewMed, Ratio Energies - Limited Partnership, Givot Olam Oil Exploration – Limited Partnership (1993), E.C.L. Group Ltd., Dead Sea Works Ltd. and Rotem Amfert Negev Ltd. In the petition, the court was requested to order the ITA to provide the Petitioner with information about the revenues from the State's income from Israel's natural resources, together with general information regarding reports received by the ITA and the handling thereof since the enactment of the Taxation of Profits from Natural Resources Law. A hearing on the petition was held on 15 February 2022 and on 22 February 2022 a judgment was issued ordering to grant the petition in part, such that the ITA was required to reconsider its decision not to disclose the information.

(B) Environmental Regulation

NewMed acts to prevent and/or minimise the environmental hazards that may occur in the course of its operations, has prepared for the financial, legal and operating implications deriving from such laws, regulations and directives and allocates budgets for compliance therewith in the framework of its annual work plans for its various assets.

- (i) On 27 April 2020, Chevron received notice from the MoEP of its intention to impose an administrative financial penalty due to alleged violations of the Prevention of Sea Pollution Law, and the sea discharge permit given to the Leviathan platform. On 12 November 2020, the MoEP decided to cancel two of the four penalties which the Ministry intended to impose, and to partially reduce the amount of the two remaining penalties. The resulting immaterial payment was made to the MoEP on 11 December 2020.
- (ii) On 20 May 2020, Chevron received notice from the MoEP of its intention to impose an immaterial financial penalty for alleged violations of the emission permit given to the Leviathan platform and the Clean Air Law, and the Supervisor's instructions given in connection with the continuous monitoring systems in the Leviathan platform. Chevron informed NewMed that the MoEP authorized to postpone the date of submission of arguments with regard to said administrative financial penalty and to schedule it 30 days after receipt of relevant information. As at the Latest Practicable Date, it is impossible to

estimate the chance of receipt of additional reductions in the administrative financial penalty amount or Chevron's ability to bring about the cancellation of part of the components of the administrative financial penalty on the merit.

- (iii) On 1 July 2020, Chevron received notice from the MoEP of its intention to impose an immaterial financial penalty for alleged violations of the terms and conditions of the emission permit of the Leviathan platform and the Clean Air Law, with respect to the operation of flares on the production platform. On 13 December 2020, the MoEP decided to cancel some of the penalties which the MoEP intended to impose and to replace them with a new penalty, such that 4 penalties will be imposed on Chevron, and to partially reduce the amount of one of the penalties. Payment for these administrative financial penalties was made to the MoEP on 12 January 2021.
- (iv) On 28 January 2021, the MoEP decided to cancel the new penalty imposed in the context of its aforesaid decision and ordered reimbursement to Chevron of the amount paid because Chevron was not afforded a right of fair hearing by law with respect to the new penalty before it was imposed, and concurrently notified that it intends to impose this penalty while affording Chevron the opportunity to supplement its arguments. On 5 September 2021, the MoEP decided to impose an immaterial penalty on Chevron. Payment for this penalty was made to the MoEP on 5 October 2021.
- (v) On 6 June 2021, the MoEP notified Chevron of its intention to impose an administrative sanction pursuant to the Clean Air Law in an immaterial amount for an incident of activation of a flare which occurred on 17 October 2020, during which gases were ostensibly diverted that were not burned to flares (cold venting). On 24 November 2021, the MoEP decided to impose a reduced administrative sanction for the aforesaid event. The MoEP decided to reduce the administrative sanction because Chevron instituted acts to prevent recurrence of the violations and Chevron discontinued the violation on its own initiative and reported it to the Commissioner. Payment for this penalty was made to the MoEP on 22 December 2021.
- (vi) On 19 January 2021, Chevron received a warning and an invitation to a hearing from the MoEP about an alleged violation of the sea discharge permit that was given to the Leviathan platform, with respect to the open system waste standards set forth in the permit. On 22 March 2021, a hearing was held on the matter, and on 24 March 2021, a summary on behalf of the MoEP was received, which stated that the Ministry would not recommend a punitive sanction for the alleged deviations, but in the event of additional deviations, it would consider exercising all of its lawful powers. It was further determined that Chevron is required to prepare procedures and to complete actions for the cleaning and identification of sources of oils.
- (vii) On 1 November 2021, Chevron received a cease-and-desist letter and invitation to a hearing before the MoEP for non-compliance with the conditions of the sea discharge permit which was granted to the Leviathan platform and violation of the Prevention of Sea Pollution from Land-Based Sources Law, which argued that Chevron deviated from the standards determined for sea discharge from the open system. The hearing was held on 6 January 2022 and it was determined that Chevron is required to institute any and all acts to prevent deviations from the sea discharge permit and that the MoEP is considering to exercise its full powers pursuant to the law, including a possible recommendation on a financial penalty by law.

(C) Tax assessments

As at the date of the historical financial statement NewMed has final tax assessments up to year 2015. In respect of years 2016-2018 there are certain disputes between

NewMed and the ITA regarding the amount of NewMed's taxable income, those disputes primarily pertain to the manner of recognition of financing expenses and other expenses actually incurred by NewMed and the manner of calculation of the capital gains from the sale of the Karish and Tanin Leases and from the sale of Tamar and Dalit Leases. According to tax assessments issued by the ITA, and if all of the ITA arguments are accepted, NewMed shall be liable to pay additional tax (including interest and any inflation adjustments) of approximately ILS 508 million.

It should be noted that most of the issues in dispute with the ITA relate to the timing recognition of expenses, and therefore, acceptance of the ITA claims in the assessments for the years 2016-2018 is expected to reduce the tax liability of NewMed in later years compared to Partnership tax liability deriving from the relevant issues in its self-assessments.

(D) **Levy assessments**

- (i) Disputes have arisen between the Assessing Officer for Large Enterprises and the holders of the rights in the Leviathan Leases regarding the levy reports for the Leviathan Leases for the years 2013-2015, which disputes chiefly pertained to the method of classification and quantification of different amounts in the levy reports for the Leviathan Leases for the said years. In October 2018 the parties reached agreements with respect to the said disputes in the framework of a levy assessment agreement for the years 2013-2015, which, in October 2018, was sanctioned as a judgment by the Tel Aviv District Court.

Furthermore, a levy assessment agreement was signed in December 2019 between the Assessing Officer for Large Enterprises and the holders of the rights, with respect to the levy reports for the years 2016-2017 and in October 2021 an assessment agreement was signed with respect to the Leviathan levy assessment for 2018. It is further noted that, as at the Latest Practicable Date, several interpretive disputes are being heard in the context of administrative objection proceedings vis-à-vis the assessing officer with regard to the implementation of the provisions of the Law in the levy reports of the Leviathan Leases for 2019, including pertaining to recognition of payments borne by the holders of the interests in the leases in order to enable feasibility of export of natural gas to Egypt.

It is noted that the rate of the levy coefficient in the Leviathan Leases as at the Latest Practicable Date is lower than 1.5 and the effect of the above-mentioned assessments and disputes may be reflected in the levy coefficient calculation. However, even if the assessing officer's position is fully accepted, to date it is not expected to result in a coefficient rate higher than 1.5 (from which actual collection of the levy begins) in the end of 2019.

In addition, the right holders in the Leviathan venture reached agreements with the ITA on the consolidation of the Leviathan Leases (north and south) as a single petroleum venture for purposes of the Law and the reports thereunder, according to the provisions of Section 8(a) of the Taxation of Profits and Natural Resources Law.

- (ii) It is noted that disputes have arisen between the Assessing Officer for Large Enterprises and the holders of rights in the Tamar venture as to the Tamar venture levy reports for the years 2013-2019, which disputes chiefly pertain to the recording of notional revenues, the method of recognition and classification of exploration and construction investments in the Tamar SW reservoir and Tamar SW reservoir construction payments and recognition of various payments borne by the holders of the interests in the venture including in order to enable feasibility of export of natural gas to Egypt (in this section, jointly below, the "**Disputed Issues**"). It is noted that the disputes as to the levy reports for the years 2013-2019 are adjudicated between the parties in the context of appeals conducted before the Tel Aviv District Court.

In May 2022 the Assessing Officer for Large Enterprises issued an assessment to the best of judgement for the 2020 tax year, which is essentially for the same disputes that arose for the years 2013-2019. According to the said assessment, NewMed is required to pay a levy for 2020 in the sum of approx. ILS 93.4 million.

In July 2022, the holders of the rights in the Tamar venture filed an objection to the above assessment with the Assessing Officer for Large Enterprises. It is clarified that insofar as it is determined in a final and binding proceeding that the ITA's position regarding the aforesaid disputes are accepted in full, NewMed may incur an additional liability of payment of an oil and gas profit levy to the ITA and record an expense for the period until the sale of its rights in the Tamar project (see Note 10 above) in an estimated amount, as of 30 September 2022, of approximately ILS 137.6 million (which includes the sum of approximately ILS 93.4 million for 2020).

In NewMed's estimation, based on the opinion of its legal counsel with respect to the Disputed Issues, the chances that NewMed's arguments with respect to most of the Disputed Issues will be accepted are higher than the chances of rejection thereof.

- (iii) It is noted that disputes have arisen between the Assessing Officer for Large Enterprises and the holders of rights in the Ashkelon venture and the Noa venture (jointly below, the "**Yam Tethys Ventures**"), in respect of the levy reports of the Yam Tethys Ventures for the years 2018-2019. It is noted that the disputes in respect of the levy reports for the years 2018-2019 are being heard by the Tel Aviv District Court. NewMed's share in the disputed amounts is approx. ILS 5.8 million.

26.4 Guarantees

NewMed has provided the following guarantees at 30 September 2022:

- (A) Guarantee to the Israel Tax Authority (Customs) in connection with equipment imported by the operator to the estimated value of ILS 126.4 million (approx. US\$36.7 million).
- (B) Guarantee to the Israel Land Authority regarding the construction of development infrastructure for the Leviathan project to the estimated value of ILS 2.3 million (approx. US\$0.7 million).
- (C) Guarantee to EAPC in order to secure payments for rights of use of areas, facilities and infrastructures in connection with the EMG Transaction to the estimated value of US\$2 million.
- (D) Guarantees to the Petroleum Commissioner in connection with its rights in the oil and gas properties to the estimated value of US\$54.7 million.
- (E) Guarantees to INGL mainly in connection with project under construction to the estimated value of ILS 142 million (approx. US\$41.3 million), against which NewMed pledged a deposit in the sum of approx. US\$11.4 million.

27. Related parties

27.1 Balances

	As at 30 September		As at 31 December	
	2022		2021	
	US\$m	US\$m	US\$m	US\$m
	Parent Companies	Other Related Parties	Parent Companies	Other Related Parties
Other receivables	-	2.5	-	0.7
Other long-term receivables	2.6	21.9	2.2	18.0
Trade and other payables	5.7	4.0	2.7	1.1
The highest current debt balance this year	-	-	-	1.7

	As at 31 December			
	2020		2019	
	US\$m	US\$m	US\$m	US\$m
	Parent Companies	Other Related Parties	Parent Companies	Other Related Parties
Trade receivables (Note 27.3.3)	-	3.1	-	2.0
Other receivables	-	0.9	-	-
Other long-term receivables	2.2	23.1	1.9	33.0
Trade and other payables	2.1	2.4	2.2	2.3
The highest current debt balance this year	-	1.5	-	3.3

27.2 Transactions

	Nine months ended 30 September			
	2022		2021	
			(unaudited)	
	US\$m	US\$m	US\$m	US\$m
	Parent Companies	Other Related Parties	Parent Companies	Other Related Parties
Sales from contracts with customers (Note 27.3 (B))	-	-	0.2	4.9
Overriding royalties (Note 5)	-	11.4	-	9.0
General Partner management fees (Note 27.3 (D))	-	-	0.7	-
Directors' remuneration	-	0.3	-	0.2
Guarantee fee (Note 27.3 (B))	0.3	-	0.4	-
Contributions from general partner (Note 27.3 (F))	-	-	2.5	-

	Year ended 31 December	
	2019	
	US\$m Parent Companies	US\$m Other Related Parties
Sales from contracts with customers (Note 27.3 (C))	-	14.7
Overriding royalties (Note 5)	6.4	26.4
General Partner management fees (Note 27.3 (D))	1.0	-
Directors' remuneration	-	0.3
Directors' remuneration of an associate	-	0.2
Guarantee fee (Note 27.3 (B))	0.4	-
Contributions from general partner (Note 27.3 (F))	2.4	-
Directors and Officers insurance	0.3	-
Dividend	-	9.0

	Years ended 31 December			
	2021		2020	
	US\$m Parent Companies	US\$m Other Related Parties	US\$m Parent Companies	US\$m Other Related Parties
Sales from contracts with customers (Note 27.3 (C))	0.2	5.2	0.4	21.9
Overriding royalties (Note 5)	-	11.4	6.1	19.1
General Partner management fees (Note 27.3 (D))	1.0	-	1.0	-
Directors' remuneration	-	0.3	-	0.3
Guarantee fee (Note 27.3 (B))	0.4	-	0.4	-
Contributions from general partner (Note 27.3 (F))	4.3	-	2.9	-
Directors and Officers insurance	-	-	0.1	-

27.3 Additional information

(A) The terms of employment of NewMed's CEO (in this section, "CEO")

Mr. Yossi Abu ("Mr Abu") serves as CEO in a full-time position (100 per cent.) since 1 April 2011. In the period from 3 July 2018 until 14 March 2020, Mr. Abu served in his current position as CEO in an 80 per cent. (instead of 100 per cent.) position, and simultaneously served as the CEO of Delek Energy in a 20 per cent. position.

On 10 July 2019, the assembly of NewMed Unitholders approved the updated terms of office and employment of Mr. Abu, starting from 1 May 2019 until 30 April 2024 according to the remuneration policy (the "**2019 Terms**"). Mr. Abu's terms of office are as follows: his total monthly salary is ILS 163 thousand (in gross terms) (100 per cent.) (the "**Monthly Salary**"), updated according to changes in the Consumer Price Index (positive only) once every 3 months; the CEO will be entitled to the related benefits standard in the Israeli market among executives; the CEO will be entitled to an annual bonus every calendar year and a special

one-time bonus, in accordance with the remuneration policy; in the event that his employment comes to an end, the CEO will be entitled to an adjustment bonus and to a retirement bonus, in accordance with the remuneration policy as updated from time to time.

In 2021 Mr. Abu received an annual bonus in the amount of approx. ILS 3,000 thousand (2020: approx. ILS 2,169 thousand, 2019: approx. ILS 1,650 thousand). The aforesaid grants were paid according to the goals predefined by the remuneration committee and the board of directors.

In addition, on 31 October 2021, the general meeting of NewMed Unitholders gave approval, subject to the closing of the transaction for sale of NewMed's rights in the Tamar and Dalit project, to authorise NewMed to pay Mr. Abu, then CEO of the General Partner, a special bonus in the amount of 6 monthly salaries, gross. In view of completion of the sale of NewMed's interests in the Tamar and Dalit leases in December 2021, Mr. Abu received a grant in the amount of approx. ILS 976 thousand.

On 28 September 2022, the remuneration committee and the board of directors decided, after rediscussing these issues, to approve the updated remuneration policy and the updating of CEO's employment conditions, including the granting of equity compensation to the CEO (See note 25.2), despite the non-approval of assembly of NewMed held on 21 September 2022.

Following is a concise description of the main updated terms of employment:

- (i) The CEO will continue in his position as CEO of the GP on a full-time (100%) basis. In this framework, he will serve as a director in private subsidiaries of NewMed and in companies held by NewMed (if he is so requested), in which case he will be entitled to directors' remuneration as is customary in such companies (in addition to his compensation conditions as CEO). The CEO's term of employment has been extended to 30 April 2027. The CEO's monthly salary starting from 28 September 2022 is ILS 200,000 (gross), to be updated according to changes in the CPI (positive only) every three months.
- (ii) In addition to his monthly salary, the CEO will be entitled to related benefits as detailed in NewMed's updated remuneration policy and to an annual cash bonus every calendar year during the term of his employment agreement, subject to meeting the business goals and measurable criteria, as determined from time to time by NewMed's board and remuneration committee. The CEO may also receive special bonuses, retention bonuses and, in the event of termination of his employment, an adjustment and retirement bonus that together shall not exceed six gross monthly salaries, all in accordance with the remuneration policy.
- (iii) Each party shall be entitled, at any time, to notify the other, unilaterally, of the termination of the updated employment agreement, in a written advance notice. Whether the CEO requests to end his employment or the GP requests to terminate the CEO's employment, six months' advance notice shall be required, during which Mr. Abu will continue to serve in his position (the GP may determine that the CEO will not continue to serve in the position de facto during this period). Throughout the notice period (including a period in which he does not work de facto), the CEO will be entitled to all of his compensation conditions, including car use. However, starting from the date of his actual termination of office, the vesting period of the equity component shall stop (See note 25.2), such that the unvested equity component will expire. Also, starting from the date of actual termination of the CEO's office, his entitlement to the variable components (the bonus) will cease to accrue.

It is clarified that following the amendment of the Partnership agreement in September 2022 (as disclosed in Note 23.1 (B) above), as of 1 January 2022 the cost of employment of Mr. Abu is imposed on NewMed, and not on the General Partner in the framework of the management services provided by the General Partner to NewMed as had previously been the case.

See Note 25 in respect of unit-based payments granted to the CEO.

- (B) Further to Note 1 in respect of NewMed's exploration rights in Block 12 in Cyprus, as a condition for the endorsement, the Cypriot Government requested, in accordance with terms of the production sharing contract, that a performance guarantee, unlimited in amount, shall be provided in favor of the Republic of Cyprus to secure the fulfillment of all of the undertakings under the production sharing contract (the "Guarantee"), that was provided by Delek Group on the date of transfer of rights in Block 12 to NewMed.

Delek Group agreed to provide the Guarantee, against payment of a guarantee fee by NewMed, as approved by the general meeting of participation unit holders in NewMed, and subject to several conditions as summarized below:

- (i) The purchase of insurance coverage to the satisfaction of Delek Group.
- (ii) In addition, NewMed undertook that from the date of provision of the Guarantee and for as long as the Guarantee is in effect, the following provisions shall apply:
 - (a) In the event that NewMed sells its rights to Block 12, NewMed will act to release Delek Group from the Guarantee, or from its relative share (in the event of any partial sale of the rights);
 - (b) Delek Group will be entitled to demand that NewMed, by written notice, at any time and at its discretion, shall cause the release of Delek Group from the Guarantee, or in the alternative, shall sign an agreement for the sale of the rights in Block 12;
 - (c) NewMed will indemnify Delek Group for any damage of any kind whatsoever and/or expenses of any kind whatsoever and/or payments that shall be incurred by Delek Group, without any sum limitation.
 - (d) Since the undertakings of NewMed and Chevron Cyprus under the production sharing contract are jointly and severally, an agreement was signed between Delek Group and Chevron Cyprus, and the parent company of BG Cyprus, regarding division of the responsibilities and mutual indemnification among themselves, in respect of the operations in Block 12, according to the respective holding percentage of NewMed, Chevron Cyprus and BG Cyprus in the rights in Block 12;
 - (e) NewMed shall provide Delek Group with a copy of any resolution and/or notice by the Cypriot authorities in connection with the production sharing contract and/or the Guarantee and will also act to inform Delek Energy of any event that may, to the best of its knowledge, result in the enforcement of the Guarantee.

According to the production sharing contract, any change in control of the Delek Group or NewMed, directly or indirectly, is subject to advance approval by the Republic of Cyprus.

- (C) NewMed has gas sale and purchase agreements with Rapac Energy Ashkelon Ltd. (formerly, I.P.P. Delek Ashkelon Ltd.) and Rapac Energy Sorek Ltd. (formerly, I.P.P. Delek Sorek Ltd.) and which in the reported period the aforementioned ceased being related parties.
- (D) According to the Partnership agreement, the General Partner will be entitled to management fees as specified below: (1) Ongoing management fees in an amount in ILS equal to US\$40,000 per month; and in addition (2) Management fees at a rate of 7.5 per cent. of half of the expenses of the limited partnership for oil exploration activity on a quarterly basis and no less than a comprehensive amount of US\$120,000 per quarter.

The General Partner will be also entitled to reimbursement of certain direct expenses involved in the management of the Partnership, as specified in the agreement. On 23 April 2021 the arrangement for the provision of services between the Partnership and the General Partner expired (See Section F below in respect of the approval of the amendment to the partnership agreement).

- (E) According to NewMed's strategy as pertaining to entry into the renewable energy industry, the Partnership is examining several options for entry into the renewable energy industry, inter alia, by way of joining joint ventures and acquiring existing operation platforms. In this context, and with the aim of utilizing the knowledge and experience NewMed has accumulated in the regional markets, on 14 August 2022, NewMed engaged with Enlight Renewable Energies Ltd. ("**Enlight**") in an memorandum of understanding for exclusive collaboration, for a fixed term, on the initiation, development, financing, construction and operation of renewable energy projects (including solar projects, wind project, energy storage and also other segments of renewable energy, in so far as shall be relevant) in several target countries, including Egypt, Jordan, Morocco, the UAE, Bahrain, Oman and Saudi Arabia. According to the MOU that was signed between Enlight and Mr. Abu Enlight shall allocate to Mr. Abu a certain part of its interests in the transaction. On 21 September 2022, the general meeting of the NewMed Unitholders authorised NewMed to make investments in renewable energy projects, in the framework of the collaboration with Enlight, including the personal interest of Mr. Abu in the transaction, for a three year period that can be extended to additional periods subject to an additional approval of the general meeting, all pursuant to the provisions of the TASE rules.

The approval to carry out renewable energy projects as aforesaid is limited to an aggregate investment sum (NewMed's share only) of US\$100 million (in equity and/or shareholder loans, including a capital note or by way of a guarantee for loans to be provided). Increasing the investment cap is subject to approval by the general meeting of NewMed Unitholders, in a resolution adopted by a simple majority. As at the Latest Practicable Date, the parties are working towards a detailed and binding agreement between the parties.

- (F) NewMed recorded expenses in the statement of profit and loss against a capital reserve for contributions from the General Partner, in respect of the costs of employment of officers of the General Partner, including the employment terms of the CEO of the General Partner, in respect of director services costs and in respect of additional expenses carried by the General Partner, over and above the management fees paid by NewMed to the General Partner. On 21 September 2022 the general meeting of the NewMed Unitholders approved an amendment to the partnership agreement, whereby starting from 1 January 2022, NewMed will bear all of NewMed's and General Partner expenses (including the lease expenses of NewMed's offices which are leased from Delek Group) following the expiry of the management arrangement set in the partnership agreement, whereby the General Partner bore such expenses.
- (G) On 26 June 2022, the remuneration committee approved NewMed's engagement in an independent D&O liability insurance policy for a period of one year commencing at 1 July 2022. The limit of liability of US\$200 million per occurrence in the aggregate for the insurance period and a premium of approx. US\$1.82 million for the said period. In January 2023, the remuneration committee approved NewMed's engagement in a POSI insurance policy with a limit of US\$150 million per occurrence and in the aggregate for an insurance period which is 7 years commencing on 13 January 2023.

28. Levy

In April 2011, the Knesset passed the Law. Implementation of the Law has led to a change in the taxation rules applicable to NewMed's revenues, which include, inter alia, the introduction of an oil and gas profits levy according to a mechanism specified in the Law and cancellation of the depletion deduction. The Law includes transitional provisions with respect to producing ventures or ones that commenced production by 2014.

The rate of the levy will be calculated according to a proposed R-factor mechanism, according to the ratio between the net aggregate revenues from the project and the aggregate investments as defined in the Law. A minimum levy of 20% will be collected commencing from the point when the R-factor ratio reaches 1.5, and the levy will progressively increase up to a maximum rate when the ratio reaches 2.3. The maximum rate of the levy is 50% minus the product of 0.64 and the difference between the corporate tax rate set forth in Section 126 of the Income Tax Ordinance, 5721-1961 (in respect of each tax year) and the 18% tax rate. According to the corporate tax rate in 2022 and 2023, the maximum rate is 46.8%.

Additional provisions were also determined regarding the levy, inter alia, the levy will be recognized as an expense for the purpose of calculation of income tax; the levy limits shall not include export transportation infrastructure that are used for export; the levy shall be calculated and imposed in relation to each lease separately (ring fencing); the charge of a recipient of payment from a holder of a petroleum interest which is calculated, inter alia, as a percentage of the petroleum produced, (the "Derivative Payment") in accordance with the amount of the Derivative Payment received thereby, while the amount of the levy attributed to the recipient of the Derivative Payment will concurrently be deducted from the levy amount owed by the holder of the petroleum right. In addition, the Law prescribes rules for consolidation or separation of petroleum ventures for purposes of the Law.

According to the Law, the holder of the petroleum right will be given fixed annual accelerated depreciation on a deductible asset, as defined in the law, which is owned thereby, at a fixed rate of up to 10% (at the choice of the holder of the petroleum right) or, alternatively, variable current annual depreciation up to the amount of the taxable income in that year (and not more than 10%).

On 10 November 2021, the Knesset approved in second and third reading, Amendment No. 3 to the Taxation of Profits from Natural Resources Law, 5781-2021 (the "Amendment to the Law"), according to which, inter alia, in the event of a dispute, an advance payment of oil and gas profit levies will be required in the amount of 75% of the disputed amounts, upon receipt of the decision of the assessing officer on the objection (and this, even if an appeal was submitted on the decision and before the completion of legal proceedings which are under dispute in court, if any). In accordance with the Amendment to the Law as aforesaid, 75% of the said disputed amount may be advanced.

On 2 December 2020, the Taxation of Profits from Natural Resources Regulations (Advances due to the Petroleum Profit Levy), 5781-2020 (in this section: the "Advances Regulations") were published. The Advances Regulations were promulgated by virtue of Sections 10(b) and 51 of the Law, and regulate the payment of the advances that shall be paid by holders of petroleum interests in a petroleum project, including the method of calculation of the advances, the dates of payment thereof, and the reporting thereon.

In 2020 and 2021, NewMed paid advances due to a petroleum profit levy in the total amount of approx. \$37.4 million, due to its rights in the Tamar project. According to NewMed's estimation and appraisals, based on the existing disputes with the ITA, in 2021 and 2022 NewMed recorded expenses due to an oil and gas profit levy in the amounts of and approx. US\$43.8 million and US\$2.1 million respectively, which are presented in the item of discontinued operations due to sale of Tamar Project as provided in Note 10 above.

See Note 26.3.4 above regarding disputes that have arisen between the Assessing Officer for Large Enterprises and the holders of the rights in the Leviathan, Tamar and Yam Tethys Leases.

29. Property, plant and equipment

	Nine months ended 30 September	Years ended 31 December		
	2022	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m
Cost				
<i>At the beginning of period</i>	1.0	1.9	1.9	2.3
Additions	-	-	-	-
Write-off	3.4	(0.9)	-	(0.4)
<i>At the end of period</i>	4.4	1.0	1.9	1.9
Accumulated Depletion				
<i>At the beginning of period</i>	-	-	-	-
Additions	-	-	-	-
<i>At the end of period</i>	-	-	-	-
Net Book Value	4.4	1.0	1.9	1.9

30. Supplemental cash flow information

	Nine months ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
	(Unaudited)				
Non-cash investing and financing activities:					
Accrued expenditure on exploration and evaluation assets	0.8	0.8	1.1	-	-
Accrued expenditure on oil and gas properties	19.2	55.3	36.4	42.3	150.1
Declared distributable profits	-	-	85.1	36.4	45.8
Accrued income from disposal of oil and gas properties	10.5	-	10.5	-	-
Additional information on operating activities:					
Interest paid (including capitalised interest)	80.0	77.4	193.5	256.9	166.3
Interest received	8.9	0.8	4.2	1.6	8.8
Dividend received	-	-	-	-	9.0

	Nine months Ended 30 September		Years ended 31 December		
	2022	2021	2021	2020	2019
	US\$m	US\$m	US\$m	US\$m	US\$m
(Unaudited)					
Disposal of oil and gas properties – discontinued operations (Note 10)					
Includes the following assets and liabilities as of the selling date:					
Working capital, net	-	-	15.0	-	-
Oil and gas properties	-	-	829.8	-	-
Intangible assets	-	-	16.9	-	-
Provision – decommissioning and well abandonment	-	-	(40.9)	-	-
Total assets net of liabilities	-	-	820.8	-	-
Proceeds received from the disposal of oil and gas properties	10.5	-	954.9	-	-
Proceeds not yet received from the disposal of oil and gas properties	4.3	-	10.5	-	-
Profit from the disposal of oil and gas assets	4.3	-	144.6	-	-

31. Subsequent Events

- (A) For details on the court's decision regarding Gas supply agreements between natural gas consumers and the Yam Tethys partners claim, see Note 26.3.2 above.
- (B) On 23 November 2022, the GP's board of directors, after receiving the recommendation of the Financial Statements Review Committee of NewMed's GP, approved a distribution of profits in the sum of US\$50 million (US\$0.04260 per unit). The effective date for the distribution is December 26, 2022, and the distribution of profits will be performed on January 19, 2023.
- (C) On 6 December 2022, NewMed, along with Adarco, entered into agreements concerning oil and/or natural gas exploration and production activities in the Boujdour Atlantique exploration license, which is situated in the Atlantic Ocean off the coast of Morocco (in this section, the "**License**"), with the ONHYM. Inter alia, the agreements that have been signed grant each of NewMed and Adarco 37.5 per cent. of the interests in the License, with the remaining interests in the License, the rate of which is 25 per cent., granted to ONHYM, in accordance with standard regulation in Morocco.

The agreements further grant NewMed, Adarco and ONHYM the right to search for hydrocarbons in the area of the License for a term of 8 years, subject to compliance with a work plan, which may be extended in the event of discovery. NewMed shall act as the operator of the License.

During the exploration period, NewMed and Adarco shall also bear ONHYM's share of the costs, in addition to their relative shares, in accordance with the relevant regulation in Morocco. In January 2023, NewMed's general meeting approved these agreements.

- (D) For details on the court's decision regarding Motion for Certification of a Class Action Concerning IEC Agreement against the Tamar Partners, see Note 26.3.2 above.

Part XIII
Unaudited Pro Forma Financial Information

SECTION A UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE COMBINED GROUP

Basis of preparation

The unaudited pro forma statement of net assets of the Combined Group as at 30 September 2022 (the “**Unaudited Pro Forma Statement of Net Assets**”) has been prepared on the basis of the unaudited consolidated balance sheet of the Capricorn Group as at 30 June 2022 and the audited consolidated balance sheet of the NewMed Group as at 30 September 2022 to illustrate the effect on the net assets of the Combined Group of the Combination as if it had taken place on 30 September 2022. The unaudited pro forma income statement of the Combined Group for the year ended 31 December 2021 (the “**Unaudited Pro Forma Income Statement**”, and together with the Unaudited Pro Forma Statement of Net Assets, the “**Unaudited Pro Forma Financial Information**”) has been prepared on the basis of the audited consolidated income statements of the Capricorn Group and NewMed Group for the year ended 31 December 2021 to illustrate the effect on the consolidated earnings of the Combined Group as if the Combination had taken place on 1 January 2021.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Annex 20 of the Prospectus Delegated Regulation.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only. The hypothetical financial position or results included in the Unaudited Pro Forma Financial Information may differ from the Combined Group’s actual financial position or results.

The Unaudited Pro Forma Financial Information has been prepared on the basis set out in the notes below and has been prepared in a manner consistent with the accounting policies that will be applied by the Combined Group for the year ending 31 December 2023 and has been applied by the Capricorn Group Restated H1 2022 Financial Statements and the Capricorn Group Restated 2021 Financial Statements, and in accordance with the requirements of sections 1 and 2 of Annex 20 of the Prospectus Delegated Regulation.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006. PwC’s accountant’s report on the Unaudited Pro Forma Financial Information is set out in Section B of this Part XIII (*Unaudited Pro Forma Financial Information*). Capricorn Shareholders and prospective Capricorn investors should read the whole of this document and not rely solely on the summarised financial information contained in this Part XIII (*Unaudited Pro Forma Financial Information*).

Unaudited Pro Forma Income Statement of the Combined Group for the year ended 31 December 2021

	Capricorn For the year ended 31 December 2021 US\$m 1	NewMed For the year ended 31 December 2021 US\$m 1	Acquisition Accounting US\$m 4	Pro-forma US\$m
Income Statement				
Revenue	57.1	753.8	-	810.9
Other income	7.3	-	-	7.3
Cost of sales	(20.5)	(118.4)	-	(138.9)
Depletion and amortisation charge	(31.2)	(113.1)	-	(144.3)
	12.7	522.3	-	535.0
Pre-award costs	(15.8)	-	-	(15.8)
Unsuccessful exploration costs	(19.6)	-	-	(19.6)
Impairment of exploration assets	(8.0)	-	-	(8.0)
Other operating income	24.1	-	-	24.1
General exploration and evaluation expenses	(42.8)	(4.2)	-	(47.0)
Administrative and other expenses	(58.2)	(17.2)	(35.0)	(110.4)
	(107.6)	500.9	(35.0)	358.3
Exceptional Income	1,070.7	-	-	1,070.7
Gain on bargain purchase	-	-	274.6	274.6
FV loss - deferred consideration	(7.2)	-	-	(7.2)
Gain on financial assets	5.5	26.4	-	31.9
Share of loss from associate	-	(4.5)	-	(4.5)
Finance income	4.5	5.0	-	9.5
Finance costs	(68.9)	(211.3)	-	(280.2)
Profit/(loss) before tax	897.0	316.5	239.6	1,453.1
Tax charge	(4.2)	(207.8)	-	(212.0)
Profit from continuing operations	892.8	108.7	239.6	1,241.1
Profit from discontinued operations	25.0	296.3	-	321.3
Profit for the year	917.8	405.0	239.6	1,562.4

Unaudited Pro Forma Statement of Net Assets of the Combined Group as at 30 September 2022

	Capricorn As at 30 June 2022 US\$m 2	NewMed As at 30 September 2022 US\$m 2	Proposed pre- combination dividend US\$m 3	Acquisition accounting US\$m 4	Pro-forma US\$m
Non-current assets:					
Goodwill	25.4	-	-	(25.4)	-
Intangible exploration/appraisal assets,	5.1	123.4	-	-	128.5
Property, plant and equipment - development/producing assets ^{6(c)}	334.1	2,427.8	-	-	2,761.9
Financial assets	119.2	301.9	-	-	421.1
Long-term deposits	-	0.5	-	-	0.5
Investments in associate	-	59.4	-	-	59.4
Other intangible assets ^{6(a)}	9.7	195.2	-	-	204.9
Other property, plant and equipment ^{6(a)}	2.1	4.4	-	-	6.5
Other long-term receivables	-	59.5	-	-	59.5
	495.6	3,172.1	-	(25.4)	3,642.3
Current Assets:					
Cash and cash equivalents	809.0	53.4	(620.0)	(35.0)	207.4
Short-term investments	-	290.1	-	-	290.1
Inventory	10.8	-	-	-	10.8
Trade and other receivables ^{6(b)}	211.8	295.2	-	-	507.0
Financial assets	127.7	63.2	-	-	190.9
Current tax receivables	-	17.8	-	-	17.8
	1,159.3	719.7	(620.0)	(35.0)	1,224.0
Total assets	1,654.9	3,891.8	(620.0)	(60.4)	4,866.3
Current liabilities:					
Deferred consideration	(24.6)	-	-	-	(24.6)
Loans and borrowings	(16.3)	(466.0)	-	-	(482.3)
Lease liabilities	(1.9)	-	-	-	(1.9)
Trade and other payables	(138.2)	(150.0)	-	-	(288.2)
Provisions - decommissioning and well abandonment	(0.5)	(18.0)	-	-	(18.5)
	(181.5)	(634.0)	-	-	(815.5)
Non-current liabilities:					
Deferred consideration	(35.7)	-	-	-	(35.7)
Loans and borrowings	(157.6)	(1,729.9)	-	-	(1,887.5)
Lease liabilities	(0.2)	-	-	-	(0.2)
Provisions – decommissioning and well abandonment	(3.0)	(61.2)	-	-	(64.2)
Other long-term liabilities	-	(2.8)	-	-	(2.8)
Deferred tax	(51.9)	(296.0)	-	-	(347.9)
	(248.4)	(2,089.9)	-	-	(2,338.3)
Total liabilities	(429.9)	(2,723.9)	-	-	(3,153.8)
Net assets	1,225.0	1,167.9	(620.0)	(60.4)	1,712.5

Notes

- 1 The financial information in respect of the Income Statement has been extracted without material adjustment from the Capricorn Group Restated 2021 Financial Statements extracted from Section A of Part XI (*Historical Financial Information relating to the Capricorn Group*) and from the audited financial information relating to NewMed for the year ended 31 December 2021 can be found in Part XII (*Historical Financial Information relating to the NewMed Group*).
- 2 The financial information in respect of the Pro Forma Statement of Net Assets for Capricorn has been extracted without material adjustment, other than the reclassification of line items in note 6 below, from the Capricorn Group Restated H1 2022 Financial Statements at Section C of Part XI (*Historical Financial Information relating to the Capricorn Group*), and from the audited consolidated historical financial information relating to NewMed for the nine months ended 30 September 2022 at Section B of Part XII (*Historical Financial Information relating to the NewMed Group*).
- 3 Proposed pre-combination dividend reflect the proposed Special Dividend that Capricorn will pay to the Capricorn Shareholders immediately prior to Completion. This includes cash payments to participants in certain of Capricorn's share plans. In advance of the proposed dividend Capricorn is seeking court approval for a reduction of capital to convert the Company's entire share premium into distributable reserves. Shareholder approval for the reduction was received at a general meeting held on 15 December 2022, though the reduction is pending court approval as at the Latest Practicable Date.
4. The unaudited pro-forma financial information has been prepared on the basis that the Combination will be treated as a business combination in accordance with IFRS 3 Business Combinations and that NewMed has been identified as the acquirer in a "reverse acquisition". The unaudited pro forma financial information does not reflect the fair value adjustments that are expected to be made post-Completion to the carrying value of the Capricorn's assets and liabilities, other than the elimination of goodwill currently recognised on the Capricorn balance sheet. Capricorn expects to undertake a full fair value exercise following completion and the fair value adjustments, when finalised following Completion, may be material. For the purposes of the unaudited pro forma financial information, the excess of the unadjusted carrying amount of net assets acquired over the fair-value purchase consideration has been taken to the Income Statement. The calculation of the acquisition adjustments included in the pro-forma is set out below:

	US\$m
Capricorn Energy PLC net book value at 30 June 2022	1,225.0
Goodwill elimination	(24.6)
Proposed dividend and cash payment	(620.0)
Assets acquired through business combination	579.6
Fair value of Capricorn Energy PLC	305.0
Gain on a bargain purchase	274.6

The fair value of Capricorn has been calculated based on the number of Participation Units that would need to be issued to Capricorn shareholders at completion to achieve the same ratio of holdings in NewMed as in the post-completion Combined Company, based on the exchange ratio of 2.337334 new Capricorn shares to be issued to NewMed Unitholders. The fair value uses the closing market price for Participation Units of ILS 7.802 and exchange rates of ILS 29:US\$1 as at 11 January 2023.

The reduction in cash and cash equivalents reductions through the acquisition accounting relates to transaction costs of US\$35.0 million which are included within administrative and other expenses in the Income Statement.

- 5 No account has been taken of the trading results, capital expenditure and other transactions of Capricorn from 30 June 2022 or of NewMed from 30 September 2022.
- 6 Reclassification of line items
 - (a) "Other intangible assets" and "Other property, plant and equipment" are disclosed as a single line item in the Capricorn Energy PLC Group balance sheet.
 - (b) Trade and other receivables include "Trade receivables" of US\$202.2 million and "Other receivables" of US\$75.0 million disclosed as separate line items in the NewMed balance sheet.

SECTION B
ACCOUNTANT'S REPORT ON THE UNAUDITED
PRO FORMA FINANCIAL INFORMATION

The directors and proposed directors (the “**Directors**”)
Capricorn Energy plc
50 Lothian Road,
Edinburgh,
EH3 9BY

N. M. Rothschild & Sons Limited (the “**Sponsor**”)
New Court
St Swithin's Lane
London
EC4N 8AL

Dear Ladies and Gentlemen

Capricorn Energy plc (the “Company”)

We report on the unaudited pro forma financial information (the “**Pro Forma Financial Information**”) set out in Section A of Part XIII of the Combined Prospectus and Circular.

This report is required by section 3 of Annex 20 to the PR Regulation and item 18.4.1 of Annex 1 to the PR Regulation and is given for the purpose of complying with that item and for no other purpose.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company to be adopted in the financial statements for the year ending 31 December 2023.

Responsibilities

It is the responsibility of the Directors to prepare the Pro Forma Financial Information in accordance with sections 1 and 2 of Annex 20 to the PR Regulation, item 18.4.1 of Annex 1 to the PR Regulation and item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by section 3 of Annex 20 of the PR Regulation, item 18.4.1 of Annex 1 to the PR Regulation and item 13.3.3R of the Listing Rules, as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

No reports or opinions have been made by us on any financial information relating to the nine month period ended 30 September 2022 of NewMed used in the compilation of the Pro Forma Financial Information. In providing this opinion we are not providing any assurance on any source financial information of the NewMed on which the Pro Forma Financial Information is based beyond the above opinion.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed at the date of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules of the Financial Conduct Authority (the “**Prospectus Regulation Rules**”) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the PR Regulation and item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Combined Prospectus and Circular.

Basis of preparation

The Pro Forma Financial Information has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the combination of Capricorn and NewMed might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company in preparing the financial statements for the period ended 31 December 2023.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the FRC in the United Kingdom. We are independent in accordance with the Revised Ethical Standard 2019 issued by the FRC as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of item 5.3.2 R (2)(f) of the Prospectus Regulation Rules we are responsible for this report as part of the Combined Prospectus and Circular and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Combined Prospectus and Circular in compliance with item 1.2 of Annex 1 to the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Part XIV
Resources Consultant's Reports on the NewMed Group

In view of its size relative to that of Capricorn, the Combination constitutes a reverse takeover and class 1 transaction under the Listing Rules. Consequently, the Company is required by Listing Rule 13.4.6R to include reports from an independent mineral expert in this document, along with a glossary of the technical terms used in such report. Netherland, Sewell & Associates, Inc. has been commissioned to prepare the independent mineral expert's reports in relation to the NewMed Group's Leviathan, Leviathan Deep and Aphrodite assets (the "**NewMed RCRs**"), which are set out in full below. The NewMed RCRs were prepared on the basis of the reporting date of 30 September 2022.

For the purposes of Prospectus Regulation Rule 5.3.2 R(2)(f), Netherland, Sewell & Associates, Inc. accepts responsibility for the information contained in the NewMed RCRs and declares that to the best of its knowledge, the information contained in the NewMed RCRs is in accordance with the facts and makes no omission likely to affect its import of such information.

Section A of this Part XIV (*Resources Consultant's Report on the NewMed Group*) of this document contains reserves valuations supported by a valuation report for the NewMed Group as at 30 September 2022, pursuant to the requirements of Rule 29 of the Code.

SECTION A

LEVIATHAN RESOURCES CONSULTANT'S REPORT

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ESTIMATES
of
RESERVES AND FUTURE REVENUE AND
CONTINGENT RESOURCES
to the
NEWMED ENERGY – LIMITED PARTNERSHIP
INTEREST
in
CERTAIN GAS PROPERTIES
located in
LEVIATHAN FIELD
LEASES I/14 AND I/15, OFFSHORE ISRAEL
as of
SEPTEMBER 30, 2022

COMPETENT PERSON'S REPORT

— **BASED ON PRICE AND COST PARAMETERS**
specified by
NEWMED ENERGY – LIMITED PARTNERSHIP

NSAII
NETHERLAND, SEWELL
& ASSOCIATES, INC.
WORLDWIDE PETROLEUM
CONSULTANTS
ENGINEERING • GEOLOGY
GEOPHYSICS • PETROPHYSICS

January 11, 2023

NewMed Energy – Limited Partnership
19 Abba Eban Boulevard
Herzliya 4612001
Israel

Directors and Proposed Directors
Capricorn Energy PLC
50 Lothian Road
Edinburgh EH3 9BY
Scotland

N.M. Rothschild & Sons Limited
New Court
St Swithin's Lane
London, EC4N 8AL
United Kingdom

Ladies and Gentlemen:

In accordance with the request of NewMed Energy – Limited Partnership (NewMed), we have estimated the proved, probable, and possible reserves and future revenue, as of September 30, 2022, to the NewMed interest in certain gas properties located in Leviathan Field, Leases I/14 and I/15, offshore Israel. Also as requested, we have estimated the contingent resources, as of September 30, 2022, to the NewMed working interest in these properties. We completed our evaluation on or about the date of this letter. For the reserves, this Competent Person's Report (report) has been prepared using price and cost parameters specified by NewMed, as discussed in subsequent paragraphs of this letter. Monetary values shown in this report are expressed in United States dollars (\$) or millions of United States dollars (MM\$). Gross volumes shown in this report are 100 percent of the volumes expected to be produced from the properties.

The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE) and in accordance with the recommendations of the Financial Conduct Authority (FCA), as set out in Primary Market Technical Note 619.1 – the Guidelines on disclosure requirements under the Prospectus Regulation and Guidance on specialist issuers published by the FCA. As presented in the 2018 PRMS, petroleum accumulations can be classified, in decreasing order of likelihood of commerciality, as reserves, contingent resources, or prospective resources. Different classifications of petroleum accumulations have varying degrees of technical and commercial risk that are difficult to quantify; thus reserves, contingent resources, and prospective resources should not be aggregated without extensive consideration of these factors. Definitions are presented immediately following this letter. Following the definitions is a list of abbreviations used in this report. This report has been prepared for use by NewMed and Capricorn Energy PLC (Capricorn) in connection with a proposed transaction. In our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose.

RESERVES

Reserves are those quantities of petroleum anticipated to be commercially recoverable from known accumulations by application of development projects from a given date forward under defined conditions. Reserves must be

January 11, 2023
Page 2 of 6

discovered, recoverable, commercial, and remaining as of the evaluation date based on the planned development projects to be applied. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves.

We estimate the gross reserves, the NewMed working interest reserves, and the future net revenue after levy and corporate income taxes to the NewMed interest in these properties, as of September 30, 2022, to be:

Category	Gas Reserves (BCF)		Condensate Reserves (MMBBL)		Future Net Revenue After Levy and Corporate Income Taxes (MM\$)	
	Gross (100%)	Working Interest	Gross (100%)	Working Interest	Total	Discounted at 10%
Proved (1P)	11,933.2	5,410.5	26.3	11.9	11,395.2	4,082.0
Probable	1,146.0	519.6	2.5	1.1	1,008.9	330.8
Proved + Probable (2P)	13,079.3	5,930.1	28.8	13.0	12,404.1	4,412.7
Possible	808.3	366.5	1.8	0.8	742.8	137.8
Proved + Probable + Possible (3P)	13,887.6	6,296.6	30.6	13.9	13,146.9	4,550.5

Totals may not add because of rounding.

Gas volumes are expressed in billions of cubic feet (BCF) at standard temperature and pressure bases. Condensate volumes are expressed in millions of barrels (MMBBL); a barrel is equivalent to 42 United States gallons.

Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. The 1P reserves are inclusive of proved developed producing and proved undeveloped reserves. Our study indicates that as of September 30, 2022, there are no proved developed non-producing reserves for these properties. The estimates of reserves and future revenue included herein have not been adjusted for risk.

Working interest revenue for the reserves shown in this report is NewMed's share of the gross (100 percent) revenue from the properties prior to any deductions. Future net revenue is after deductions for NewMed's share of royalties, capital costs, abandonment costs, operating expenses, and NewMed's estimates of its oil and gas profits levy and corporate income taxes. The future net revenue has been discounted at an annual rate of 10 percent to determine its present worth, which is shown to indicate the effect of time on the value of money. Future net revenue presented in this report, whether discounted or undiscounted, should not be construed as being the fair market value of the properties.

January 11, 2023
Page 3 of 6

As requested, this report has been prepared using Base Price Case gas and condensate price parameters specified by NewMed. Gas prices are based on NewMed's estimates of expected approved and future sales contracts. These contract prices are derived from various formulae that include indexation mainly to the Power Generation Tariffs published by The Electricity Authority or to an average of long-term forecasts for Brent Crude prices provided by various institutions. Condensate prices are based on Brent Crude prices. Sensitivities using Low and High Price Cases are further detailed in the Technical Discussion section of this report.

Operating costs used in this report are based on operating expense records of NewMed. Operating costs include direct project-level costs, insurance costs, workover costs, and NewMed's estimate of the portion of the operator's headquarters general and administrative overhead expenses that can be directly attributed to this project; Chevron Mediterranean Limited is the operator of the properties. Based on our understanding of future development plans, a review of the records provided to us, and our knowledge of similar properties, we regard these estimated operating costs to be reasonable. Operating costs have been divided into field-level costs and per-unit-of-production costs and, as requested, are not escalated for inflation.

Capital costs used in this report were provided by NewMed and are based on authorizations for expenditure and actual costs from recent activity. Capital costs are included as required for gas and condensate export facility upgrades, a new well completion, and production equipment. Based on our understanding of future development plans, a review of the records provided to us, and our knowledge of similar properties, we regard these estimated capital costs to be reasonable. Abandonment costs used in this report are NewMed's estimates of the costs to abandon the wells, platform, and production facilities, net of any salvage value. As requested, capital costs and abandonment costs are not escalated for inflation.

We have made no investigation of potential volume and value imbalances resulting from overdelivery or underdelivery to the NewMed interest. Therefore, our estimates of reserves and future revenue do not include adjustments for the settlement of any such imbalances; our projections are based on NewMed receiving its net revenue interest share of estimated future gross production.

CONTINGENT RESOURCES

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. The contingent resources shown in this report are contingent upon finalization of additional gas contracts, sanctioning of additional Phase I – First Stage drilling and an additional gathering line, and project sanctioning for additional future development. As requested, this report does not include economic analysis on these resources. However, based on the data available, existing infrastructure, and knowledge of current prices and costs for the area, it is likely that the properties would be economic to produce once all contingencies have been successfully addressed. If these contingencies are successfully addressed, some portion of the contingent resources estimated in this report may be reclassified as reserves; our estimates have not been risked to account for the possibility that the contingencies are not successfully addressed. The project maturity subclass for these contingent resources is development pending.

January 11, 2023
Page 4 of 6

We estimate the gross contingent resources by development phase for these properties, as of September 30, 2022, to be:

Development Phase	Gross (100%) Contingent Resources					
	Gas (BCF)			Condensate (MMBBL)		
	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
Phase I – First Stage ⁽¹⁾	3,681.2	3,870.5	3,389.9	8.1	8.5	7.5
Future Development	403.9	5,020.3	9,621.3	0.9	11.0	21.2
Total	4,085.1	8,890.8	13,011.1	9.0	19.6	28.6

Totals may not add because of rounding.

⁽¹⁾ The contingent resources shown in this report represent volumes that are incrementally recoverable over volumes classified as reserves. For the Phase I – First Stage, the 3C contingent resources are less than the 1C and 2C contingent resources because a larger portion of the estimated volumes for the high estimate case has been classified as reserves.

We estimate the NewMed working interest contingent resources by development phase for these properties, as of September 30, 2022, to be:

Development Phase	Working Interest Contingent Resources					
	Gas (BCF)			Condensate (MMBBL)		
	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
Phase I – First Stage ⁽¹⁾	1,669.1	1,754.9	1,537.0	3.7	3.9	3.4
Future Development	183.1	2,276.2	4,362.3	0.4	5.0	9.6
Total	1,852.2	4,031.1	5,899.2	4.1	8.9	13.0

Totals may not add because of rounding.

⁽¹⁾ The contingent resources shown in this report represent volumes that are incrementally recoverable over volumes classified as reserves. For the Phase I – First Stage, the 3C contingent resources are less than the 1C and 2C contingent resources because a larger portion of the estimated volumes for the high estimate case has been classified as reserves.

The contingent resources shown in this report have been estimated using deterministic methods. Once all contingencies have been successfully addressed, the approximate probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is generally inferred to be 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. The estimates of contingent resources included herein have not been adjusted for development risk.

January 11, 2023
Page 5 of 6

GENERAL INFORMATION

As shown in the Table of Contents, this report includes summary projections of revenue, costs, and taxes by reserves category; a technical discussion; and pertinent figures.

This report does not include any value that could be attributed to interests in undeveloped acreage beyond those tracts for which undeveloped reserves have been estimated. We have not performed any field inspection of the properties, nor have we examined the mechanical operation or condition of the wells and facilities. We have not investigated possible environmental liability related to the properties; therefore, our estimates do not include any costs due to such possible liability.

The reserves and contingent resources shown in this report are estimates only and should not be construed as exact quantities. Estimates may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. In addition to the primary economic assumptions discussed herein, our estimates are based on certain assumptions including, but not limited to, that the properties will be developed consistent with current development plans as provided to us by NewMed, that the properties will be operated in a prudent manner, that no governmental regulations or controls will be put in place that would impact the ability of the interest owner to recover the volumes, and that our projections of future production will prove consistent with actual performance. If these volumes are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the sales rates, prices received, and costs incurred may vary from assumptions made while preparing this report. It should be noted that the actual production profile for each category may be lower or higher than the production profile used to calculate the estimates of future net revenue used in this report, and no sensitivity analysis was performed with respect to the production profile of the wells.

For the purposes of this report, we used technical and economic data including, but not limited to, well logs, geologic maps, seismic data, core data, well test data, production data, historical price and cost information, and property ownership interests. The reserves and contingent resources in this report have been estimated using deterministic methods; these estimates have been prepared in accordance with generally accepted petroleum engineering and evaluation principles set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE (SPE Standards). We used standard engineering and geoscience methods, or a combination of methods, including performance analysis, volumetric analysis, analogy, and reservoir modeling, that we considered to be appropriate and necessary to classify, categorize, and estimate volumes in accordance with the 2018 PRMS definitions and guidelines. The contingent resources and a portion of the reserves shown in this report are for undeveloped locations; such volumes are based on estimates of reservoir volumes and recovery efficiencies along with analogy to properties with similar geologic and reservoir characteristics. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

The data used in our estimates were obtained from NewMed, Chevron Mediterranean Limited, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc. (NSAI) and were accepted as accurate. Supporting work data are on file in our office. We have not examined the contractual rights to the properties or independently confirmed the actual degree or type of interest owned. Neither NSAI nor any of the officers of NSAI have at the date of this report, have had within the previous two years, or expect to receive, any economic or beneficial interest (present or contingent) in the securities of NewMed or Capricorn or in any of the assets being

January 11, 2023
Page 6 of 6

evaluated in this report. NSAI and the officers of NSAI consider themselves to be independent of both NewMed and Capricorn, their directors, senior management, and other advisers. NSAI will receive a fee for the preparation of this report in accordance with normal professional consulting practices. This fee is not dependent on the findings of this report and NSAI will receive no other benefit for the preparation of this report.

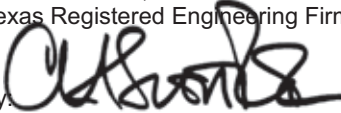
QUALIFICATIONS

NSAI performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-2699. We provide a complete range of geological, geophysical, petrophysical, and engineering services, and we have the technical expertise and ability to perform these services in any oil and gas producing area in the world. The staff are familiar with the recognized industry reserves and resources definitions, specifically those promulgated by the U.S. Securities and Exchange Commission, by the Alberta Securities Commission, and by the SPE, Society of Petroleum Evaluation Engineers, World Petroleum Council, and American Association of Petroleum Geologists. The technical persons primarily responsible for preparing the estimates presented herein meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards.

This assessment has been led by Mr. John R. Cliver and Mr. Zachary R. Long. Mr. Cliver and Mr. Long are Vice Presidents in the firm's Houston office at 1301 McKinney Street, Suite 3200, Houston, Texas 77010, USA. Mr. Cliver is a Licensed Professional Engineer (Texas Registration No. 107216). He has been practicing consulting petroleum engineering at NSAI since 2009 and has over 5 years of prior industry experience. Mr. Long is a Licensed Professional Geoscientist (Texas Registration No. 11792). He has been practicing consulting petroleum geoscience at NSAI since 2007 and has over 2 years of prior industry experience.

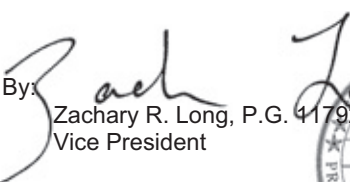
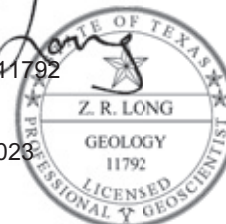
Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.
Texas Registered Engineering Firm F-2699

By: 

C.H. (Scott) Rees III, P.E.
Executive Chairman

By: 
John R. Cliver, P.E. 107216
Vice President
Date Signed: January 11, 2023
JRC:MDK


By: 
Zachary R. Long, P.G. 11792
Vice President
Date Signed: January 11, 2023


PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by
the Society of Petroleum Engineers (SPE) Board of Directors, June 2018

This document contains information excerpted from definitions and guidelines prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the SPE, World Petroleum Council, American Association of Petroleum Geologists, Society of Petroleum Evaluation Engineers, Society of Exploration Geophysicists, Society of Petrophysicists and Well Log Analysts, and European Association of Geoscientists & Engineers.

Preamble

Petroleum resources are the quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resources assessments estimate quantities in known and yet-to-be-discovered accumulations. Resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating projects, and presenting results within a comprehensive classification framework.

This updated PRMS provides fundamental principles for the evaluation and classification of petroleum reserves and resources. If there is any conflict with prior SPE and PRMS guidance, approved training, or the Application Guidelines, the current PRMS shall prevail. It is understood that these definitions and guidelines allow flexibility for entities, governments, and regulatory agencies to tailor application for their particular needs; however, any modifications to the guidance contained herein must be clearly identified. The terms "shall" or "must" indicate that a provision herein is mandatory for PRMS compliance, while "should" indicates a recommended practice and "may" indicates that a course of action is permissible. The definitions and guidelines contained in this document must not be construed as modifying the interpretation or application of any existing regulatory reporting requirements.

1.0 Basic Principles and Definitions

1.0.0.1 A classification system of petroleum resources is a fundamental element that provides a common language for communicating both the confidence of a project's resources maturation status and the range of potential outcomes to the various entities. The PRMS provides transparency by requiring the assessment of various criteria that allow for the classification and categorization of a project's resources. The evaluation elements consider the risk of geologic discovery and the technical uncertainties together with a determination of the chance of achieving the commercial maturation status of a petroleum project.

1.0.0.2 The technical estimation of petroleum resources quantities involves the assessment of quantities and values that have an inherent degree of uncertainty. These quantities are associated with exploration, appraisal, and development projects at various stages of design and implementation. The commercial aspects considered will relate the project's maturity status (e.g., technical, economical, regulatory, and legal) to the chance of project implementation.

1.0.0.3 The use of a consistent classification system enhances comparisons between projects, groups of projects, and total company portfolios. The application of PRMS must consider both technical and commercial factors that impact the project's feasibility, its productive life, and its related cash flows.

1.1 Petroleum Resources Classification Framework

1.1.0.1 Petroleum is defined as a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid, or solid state. Petroleum may also contain non-hydrocarbons, common examples of which are carbon dioxide, nitrogen, hydrogen sulfide, and sulfur. In rare cases, non-hydrocarbon content can be greater than 50%.

1.1.0.2 The term resources as used herein is intended to encompass all quantities of petroleum naturally occurring within the Earth's crust, both discovered and undiscovered (whether recoverable or unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered as conventional or unconventional resources.

1.1.0.3 Figure 1.1 graphically represents the PRMS resources classification system. The system classifies resources into discovered and undiscovered and defines the recoverable resources classes: Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable Petroleum.

1.1.0.4 The horizontal axis reflects the range of uncertainty of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the chance of commerciality, P_c , which is the chance that a project will be committed for development and reach commercial producing status.

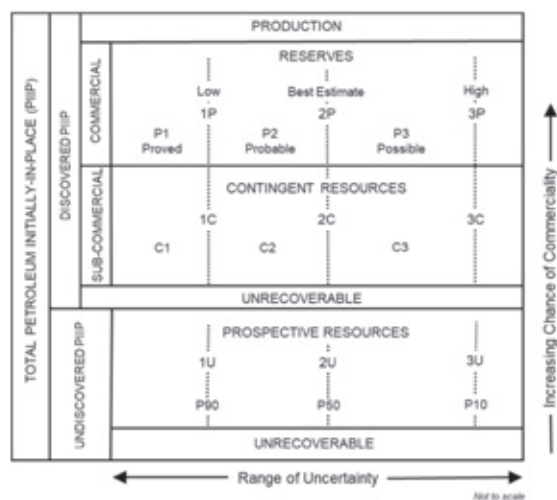


Figure 1.1—Resources classification framework

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by
the Society of Petroleum Engineers (SPE) Board of Directors, June 2018

1.1.0.5 The following definitions apply to the major subdivisions within the resources classification:

- A. **Total Petroleum Initially-In-Place (PIIP)** is all quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, discovered and undiscovered, before production.
- B. **Discovered PIIP** is the quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations before production.
- C. **Production** is the cumulative quantities of petroleum that have been recovered at a given date. While all recoverable resources are estimated, and production is measured in terms of the sales product specifications, raw production (sales plus non-sales) quantities are also measured and required to support engineering analyses based on reservoir voidage (see Section 3.2, Production Measurement).

1.1.0.6 Multiple development projects may be applied to each known or unknown accumulation, and each project will be forecast to recover an estimated portion of the initially-in-place quantities. The projects shall be subdivided into commercial, sub-commercial, and undiscovered, with the estimated recoverable quantities being classified as Reserves, Contingent Resources, or Prospective Resources respectively, as defined below.

- A. 1. **Reserves** are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining (as of the evaluation's effective date) based on the development project(s) applied.
 - 2. Reserves are recommended as sales quantities as metered at the reference point. Where the entity also recognizes quantities consumed in operations (CiO) (see Section 3.2.2), as Reserves these quantities must be recorded separately. Non-hydrocarbon quantities are recognized as Reserves only when sold together with hydrocarbons or CiO associated with petroleum production. If the non-hydrocarbon is separated before sales, it is excluded from Reserves.
 - 3. Reserves are further categorized in accordance with the range of uncertainty and should be sub-classified based on project maturity and/or characterized by development and production status.
- B. **Contingent Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. Contingent Resources have an associated chance of development. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the range of uncertainty associated with the estimates and should be sub-classified based on project maturity and/or economic status.
- C. **Undiscovered PIIP** is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.
- D. **Prospective Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of geologic discovery and a chance of development. Prospective Resources are further categorized in accordance with the range of uncertainty associated with recoverable estimates, assuming discovery and development, and may be sub-classified based on project maturity.
- E. **Unrecoverable Resources** are that portion of either discovered or undiscovered PIIP evaluated, as of a given date, to be unrecoverable by the currently defined project(s). A portion of these quantities may become recoverable in the future as commercial circumstances change, technology is developed, or additional data are acquired. The remaining portion may never be recovered because of physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

1.1.0.7 The sum of Reserves, Contingent Resources, and Prospective Resources may be referred to as "remaining recoverable resources." Importantly, these quantities should not be aggregated without due consideration of the technical and commercial risk involved with their classification. When such terms are used, each classification component of the summation must be provided.

1.1.0.8 Other terms used in resource assessments include the following:

- A. **Estimated Ultimate Recovery (EUR)** is not a resources category or class, but a term that can be applied to an accumulation or group of accumulations (discovered or undiscovered) to define those quantities of petroleum estimated, as of a given date, to be potentially recoverable plus those quantities already produced from the accumulation or group of accumulations. For clarity, EUR must reference the associated technical and commercial conditions for the resources; for example, proved EUR is Proved Reserves plus prior production.
- B. **Technically Recoverable Resources (TRR)** are those quantities of petroleum producible using currently available technology and industry practices, regardless of commercial considerations. TRR may be used for specific Projects or for groups of Projects, or, can be an undifferentiated estimate within an area (often basin-wide) of recovery potential.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by
the Society of Petroleum Engineers (SPE) Board of Directors, June 2018

1.2 Project-Based Resources Evaluations

1.2.0.1 The resources evaluation process consists of identifying a recovery project or projects associated with one or more petroleum accumulations, estimating the quantities of PIIP, estimating that portion of those in-place quantities that can be recovered by each project, and classifying the project(s) based on maturity status or chance of commerciality.

1.2.0.2 The concept of a project-based classification system is further clarified by examining the elements contributing to an evaluation of net recoverable resources (see Figure 1.2).

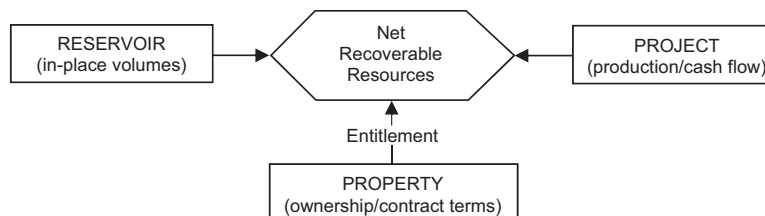


Figure 1.2—Resources evaluation

1.2.0.3 **The reservoir** (contains the petroleum accumulation): Key attributes include the types and quantities of PIIP and the fluid and rock properties that affect petroleum recovery.

1.2.0.4 **The project:** A project may constitute the development of a well, a single reservoir, or a small field; an incremental development in a producing field; or the integrated development of a field or several fields together with the associated processing facilities (e.g., compression). Within a project, a specific reservoir's development generates a unique production and cash-flow schedule at each level of certainty. The integration of these schedules taken to the project's earliest truncation caused by technical, economic, or the contractual limit defines the estimated recoverable resources and associated future net cash flow projections for each project. The ratio of EUR to total PIIP quantities defines the project's recovery efficiency. Each project should have an associated recoverable resources range (low, best, and high estimate).

1.2.0.5 **The property** (lease or license area): Each property may have unique associated contractual rights and obligations, including the fiscal terms. This information allows definition of each participating entity's share of produced quantities (entitlement) and share of investments, expenses, and revenues for each recovery project and the reservoir to which it is applied. One property may encompass many reservoirs, or one reservoir may span several different properties. A property may contain both discovered and undiscovered accumulations that may be spatially unrelated to a potential single field designation.

1.2.0.6 An entity's net recoverable resources are the entitlement share of future production legally accruing under the terms of the development and production contract or license.

1.2.0.7 In the context of this relationship, the project is the primary element considered in the resources classification, and the net recoverable resources are the quantities derived from each project. A project represents a defined activity or set of activities to develop the petroleum accumulation(s) and the decisions taken to mature the resources to reserves. In general, it is recommended that an individual project has assigned to it a specific maturity level sub-class (See Section 2.1.3.5, Project Maturity Sub-Classes) at which a decision is made whether or not to proceed (i.e., spend more money) and there should be an associated range of estimated recoverable quantities for the project (See Section 2.2.1, Range of Uncertainty). For completeness, a developed field is also considered to be a project.

1.2.0.8 An accumulation or potential accumulation of petroleum is often subject to several separate and distinct projects that are at different stages of exploration or development. Thus, an accumulation may have recoverable quantities in several resources classes simultaneously.

1.2.0.10 Not all technically feasible development projects will be commercial. The commercial viability of a development project within a field's development plan is dependent on a forecast of the conditions that will exist during the time period encompassed by the project (see Section 3.1, Assessment of Commerciality). Conditions include technical, economic (e.g., hurdle rates, commodity prices), operating and capital costs, marketing, sales route(s), and legal, environmental, social, and governmental factors forecast to exist and impact the project during the time period being evaluated. While economic factors can be summarized as forecast costs and product prices, the underlying influences include, but are not limited to, market conditions (e.g., inflation, market factors, and contingencies), exchange rates, transportation and processing infrastructure, fiscal terms, and taxes.

1.2.0.11 The resources being estimated are those quantities producible from a project as measured according to delivery specifications at the point of sale or custody transfer (see Section 3.2.1, Reference Point) and may permit forecasts of CiO quantities (see Section 3.2.2., Consumed in Operations). The cumulative production forecast from the effective date forward to cessation of production is the remaining recoverable resources quantity (see Section 3.1.1, Net Cash-Flow Evaluation).

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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1.2.0.12 The supporting data, analytical processes, and assumptions describing the technical and commercial basis used in an evaluation must be documented in sufficient detail to allow, as needed, a qualified reserves evaluator or qualified reserves auditor to clearly understand each project's basis for the estimation, categorization, and classification of recoverable resources quantities and, if appropriate, associated commercial assessment.

2.0 Classification and Categorization Guidelines

2.1 Resources Classification

2.1.0.1 The PRMS classification establishes criteria for the classification of the total PIIP. A determination of a discovery differentiates between discovered and undiscovered PIIP. The application of a project further differentiates the recoverable from unrecoverable resources. The project is then evaluated to determine its maturity status to allow the classification distinction between commercial and sub-commercial projects. PRMS requires the project's recoverable resources quantities to be classified as either Reserves, Contingent Resources, or Prospective Resources.

2.1.1 Determination of Discovery Status

2.1.1.1 A discovered petroleum accumulation is determined to exist when one or more exploratory wells have established through testing, sampling, and/or logging the existence of a significant quantity of potentially recoverable hydrocarbons and thus have established a known accumulation. In the absence of a flow test or sampling, the discovery determination requires confidence in the presence of hydrocarbons and evidence of producibility, which may be supported by suitable producing analogs (see Section 4.1.1, *Analog*). In this context, "significant" implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place quantity demonstrated by the well(s) and for evaluating the potential for commercial recovery.

2.1.1.2 Where a discovery has identified potentially recoverable hydrocarbons, but it is not considered viable to apply a project with established technology or with technology under development, such quantities may be classified as Discovered Unrecoverable with no Contingent Resources. In future evaluations, as appropriate for petroleum resources management purposes, a portion of these unrecoverable quantities may become recoverable resources as either commercial circumstances change or technological developments occur.

2.1.2 Determination of Commerciality

2.1.2.1 Discovered recoverable quantities (Contingent Resources) may be considered commercially mature, and thus attain Reserves classification, if the entity claiming commerciality has demonstrated a firm intention to proceed with development. This means the entity has satisfied the internal decision criteria (typically rate of return at or above the weighted average cost-of-capital or the hurdle rate). Commerciality is achieved with the entity's commitment to the project and all of the following criteria:

- A. Evidence of a technically mature, feasible development plan.
- B. Evidence of financial appropriations either being in place or having a high likelihood of being secured to implement the project.
- C. Evidence to support a reasonable time-frame for development.
- D. A reasonable assessment that the development projects will have positive economics and meet defined investment and operating criteria. This assessment is performed on the estimated entitlement forecast quantities and associated cash flow on which the investment decision is made (see Section 3.1.1, *Net Cash-Flow Evaluation*).
- E. A reasonable expectation that there will be a market for forecast sales quantities of the production required to justify development. There should also be similar confidence that all produced streams (e.g., oil, gas, water, CO₂) can be sold, stored, re-injected, or otherwise appropriately disposed.
- F. Evidence that the necessary production and transportation facilities are available or can be made available.
- G. Evidence that legal, contractual, environmental, regulatory, and government approvals are in place or will be forthcoming, together with resolving any social and economic concerns.

2.1.2.2 The commerciality test for Reserves determination is applied to the best estimate (P50) forecast quantities, which upon qualifying all commercial and technical maturity criteria and constraints become the 2P Reserves. Stricter cases [e.g., low estimate (P90)] may be used for decision purposes or to investigate the range of commerciality (see Section 3.1.2, *Economic Criteria*). Typically, the low- and high-case project scenarios may be evaluated for sensitivities when considering project risk and upside opportunity.

2.1.2.3 To be included in the Reserves class, a project must be sufficiently defined to establish both its technical and commercial viability as noted in Section 2.1.2.1. There must be a reasonable expectation that all required internal and external approvals will be forthcoming and evidence of firm intention to proceed with development within a reasonable time-frame. A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where justifiable; for example, development of economic projects that take longer than five years to be developed or are deferred to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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2.1.2.4 While PRMS guidelines require financial appropriations evidence, they do not require that project financing be confirmed before classifying projects as Reserves. However, this may be another external reporting requirement. In many cases, financing is conditional upon the same criteria as above. In general, if there is not a reasonable expectation that financing or other forms of commitment (e.g., farm-outs) can be arranged so that the development will be initiated within a reasonable time-frame, then the project should be classified as Contingent Resources. If financing is reasonably expected to be in place at the time of the final investment decision (FID), the project's resources may be classified as Reserves.

2.2 Resources Categorization

2.2.0.1 The horizontal axis in the resources classification in Figure 1.1 defines the range of uncertainty in estimates of the quantities of recoverable, or potentially recoverable, petroleum associated with a project or group of projects. These estimates include the uncertainty components as follows:

- A. The total petroleum remaining within the accumulation (in-place resources).
- B. The technical uncertainty in the portion of the total petroleum that can be recovered by applying a defined development project or projects (i.e., the technology applied).
- C. Known variations in the commercial terms that may impact the quantities recovered and sold (e.g., market availability; contractual changes, such as production rate tiers or product quality specifications) are part of project's scope and are included in the horizontal axis, while the chance of satisfying the commercial terms is reflected in the classification (vertical axis).

2.2.0.2 The uncertainty in a project's recoverable quantities is reflected by the 1P, 2P, 3P, Proved (P1), Probable (P2), Possible (P3), 1C, 2C, 3C, C1, C2, and C3; or 1U, 2U, and 3U resources categories. The commercial chance of success is associated with resources classes or sub-classes and not with the resources categories reflecting the range of recoverable quantities.

2.2.1 Range of Uncertainty

2.2.1.1 Uncertainty is inherent in a project's resources estimation and is communicated in PRMS by reporting a range of category outcomes. The range of uncertainty of the recoverable and/or potentially recoverable quantities may be represented by either deterministic scenarios or by a probability distribution (see Section 4.2, Resources Assessment Methods).

2.2.1.2 When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:

- A. There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- B. There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- C. There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

2.2.1.3 In some projects, the range of uncertainty may be limited, and the three scenarios may result in resources estimates that are not significantly different. In these situations, a single value estimate may be appropriate to describe the expected result.

2.2.1.4 When using the deterministic scenario method, typically there should also be low, best, and high estimates, where such estimates are based on qualitative assessments of relative uncertainty using consistent interpretation guidelines. Under the deterministic incremental method, quantities for each confidence segment are estimated discretely (see Section 2.2.2, Category Definitions and Guidelines).

2.2.1.5 Project resources are initially estimated using the above uncertainty range forecasts that incorporate the subsurface elements together with technical constraints related to wells and facilities. The technical forecasts then have additional commercial criteria applied (e.g., economics and license cutoffs are the most common) to estimate the entitlement quantities attributed and the resources classification status: Reserves, Contingent Resources, and Prospective Resources.

2.2.2 Category Definitions and Guidelines

2.2.2.1 Evaluators may assess recoverable quantities and categorize results by uncertainty using the deterministic incremental method, the deterministic scenario (cumulative) method, geostatistical methods, or probabilistic methods (see Section 4.2, Resources Assessment Methods). Also, combinations of these methods may be used.

2.2.2.2 Use of consistent terminology (Figures 1.1 and 2.1) promotes clarity in communication of evaluation results. For Reserves, the general cumulative terms low/best/high forecasts are used to estimate the resulting 1P/2P/3P quantities, respectively. The associated incremental quantities are termed Proved (P1), Probable (P2) and Possible (P3). Reserves are a subset of, and must be viewed within the context of, the complete resources classification system. While the categorization criteria are proposed specifically for Reserves, in most cases, the criteria can be equally applied to Contingent and Prospective Resources. Upon satisfying the commercial maturity criteria for discovery and/or development, the project quantities will then move to the appropriate resources sub-class. Table 3 provides criteria for the Reserves categories determination.

2.2.2.3 For Contingent Resources, the general cumulative terms low/best/high estimates are used to estimate the resulting 1C/2C/3C quantities, respectively. The terms C1, C2, and C3 are defined for incremental quantities of Contingent Resources.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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2.2.2.4 For Prospective Resources, the general cumulative terms low/best/high estimates also apply and are used to estimate the resulting 1U/2U/3U quantities. No specific terms are defined for incremental quantities within Prospective Resources.

2.2.2.5 Quantities in different classes and sub-classes cannot be aggregated without considering the varying degrees of technical uncertainty and commercial likelihood involved with the classification(s) and without considering the degree of dependency between them (see Section 4.2.1, Aggregating Resources Classes).

2.2.2.6 Without new technical information, there should be no change in the distribution of technically recoverable resources and the categorization boundaries when conditions are satisfied to reclassify a project from Contingent Resources to Reserves.

2.2.2.7 All evaluations require application of a consistent set of forecast conditions, including assumed future costs and prices, for both classification of projects and categorization of estimated quantities recovered by each project (see Section 3.1, Assessment of Commerciality).

Table 1—Recoverable Resources Classes and Sub-Classes

Class/Sub-Class	Definition	Guidelines
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.	Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the development and production status. To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability (see Section 2.1.2, Determination of Commerciality). This includes the requirement that there is evidence of firm intention to proceed with development within a reasonable time-frame. A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where, for example, development of an economic project is deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented. To be included in the Reserves class, there must be a high confidence in the commercial maturity and economic producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.
On Production	The development project is currently producing or capable of producing and selling petroleum to market.	The key criterion is that the project is receiving income from sales, rather than that the approved development project is necessarily complete. Includes Developed Producing Reserves. The project decision gate is the decision to initiate or continue economic production from the project.
Approved for Development	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is ready to begin or is under way.	At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies, such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget. The project decision gate is the decision to start investing capital in the construction of production facilities and/or drilling development wells.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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Class/Sub-Class	Definition	Guidelines
Justified for Development	Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.	To move to this level of project maturity, and hence have Reserves associated with it, the development project must be commercially viable at the time of reporting (see Section 2.1.2, Determination of Commerciality) and the specific circumstances of the project. All participating entities have agreed and there is evidence of a committed project (firm intention to proceed with development within a reasonable time-frame). There must be no known contingencies that could preclude the development from proceeding (see Reserves class). The project decision gate is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.	Contingent Resources may include, for example, projects for which there are currently no viable markets, where commercial recovery is dependent on technology under development, where evaluation of the accumulation is insufficient to clearly assess commerciality, where the development plan is not yet approved, or where regulatory or social acceptance issues may exist. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status.
Development Pending	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.	The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g., drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time-frame. Note that disappointing appraisal/evaluation results could lead to a reclassification of the project to On Hold or Not Viable status. The project decision gate is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.
Development on Hold	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.	The project is seen to have potential for commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a probable chance that a critical contingency can be removed in the foreseeable future, could lead to a reclassification of the project to Not Viable status. The project decision gate is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.
Development Unclassified	A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information.	The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are ongoing to clarify the potential for eventual commercial development. This sub-class requires active appraisal or evaluation and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity and economic production.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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Class/Sub-Class	Definition	Guidelines
Development Not Viable	A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time because of limited production potential.	The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions. The project decision gate is the decision not to undertake further data acquisition or studies on the project for the foreseeable future.
Prospective Resources	Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.	Potential accumulations are evaluated according to the chance of geologic discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.
Prospect	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.	Project activities are focused on assessing the chance of geologic discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.
Lead	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the Lead can be matured into a Prospect. Such evaluation includes the assessment of the chance of geologic discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.
Play	A project associated with a prospective trend of potential prospects, but that requires more data acquisition and/or evaluation to define specific Leads or Prospects.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific Leads or Prospects for more detailed analysis of their chance of geologic discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

Table 2—Reserves Status Definitions and Guidelines

Status	Definition	Guidelines
Developed Reserves	Expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-producing.
Developed Producing Reserves	Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.	Improved recovery Reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Shut-in and behind-pipe Reserves.	Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Definitions - Page 8 of 10

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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Status	Definition	Guidelines
Undeveloped Reserves	Quantities expected to be recovered through future significant investments.	Undeveloped Reserves are to be produced (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Table 3—Reserves Category Definitions and Guidelines

Category	Definition	Guidelines
Proved Reserves	Those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations.	If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data. In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the LKH as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves. Reserves in undeveloped locations may be classified as Proved provided that: A. The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially mature and economically productive. B. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.
Probable Reserves	Those additional Reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.	It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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Category	Definition	Guidelines
Possible Reserves	Those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves.	The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability (P10) that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of economic production from the reservoir by a defined, commercially mature project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.
Probable and Possible Reserves	See above for separate criteria for Probable Reserves and Possible Reserves.	The 2P and 3P estimates may be based on reasonable alternative technical interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing faults until this reservoir is penetrated and evaluated as commercially mature and economically productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil elevation and there exists the potential for an associated gas cap, Proved Reserves of oil should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

ABBREVIATIONS

\$	United States dollars
ϕ	porosity
°F	degrees Fahrenheit
1C	low estimate scenario of contingent resources
2C	best estimate scenario of contingent resources
3C	high estimate scenario of contingent resources
1P	proved
2P	proved plus probable
3P	proved plus probable plus possible
BCF	billions of cubic feet
Capricorn	Capricorn Energy PLC
Chevron	Chevron Mediterranean Limited
FCA	Financial Conduct Authority
G	pore geometrical factor
GRV	gross rock volume
GWC	gas-water contact
K _{air}	air permeability
km	kilometers
m	meters
MCF	thousands of cubic feet
MM\$	millions of United States dollars
MMBBL	millions of barrels
MMCFD	millions of cubic feet of gas per day
MTR	meters
NewMed	NewMed Energy – Limited Partnership
NSAI	Netherland, Sewell & Associates, Inc.
OGIP	original gas-in-place
P _c	capillary pressure
P _d	displacement pressure
PRMS	Petroleum Resources Management System
psi	pounds per square inch
report	Competent Person's Report
SCF/RCF	standard cubic feet per reservoir cubic foot
SPE	Society of Petroleum Engineers
SPE Standards	Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE
S _w	water saturation
TVDSS	true vertical depth subsea
V _{bPinf}	bulk volume at infinite pressure
V _{sh}	shale volume

TABLE OF CONTENTS

SUMMARY PROJECTIONS OF REVENUE, COSTS, AND TAXES

Proved (1P) Reserves	I
Probable Reserves	II
Proved + Probable (2P) Reserves	III
Possible Reserves	IV
Proved + Probable + Possible (3P) Reserves	V

TECHNICAL DISCUSSION

1.0 General Overview	1
2.0 Regional Geology	1
2.1 Basin Overview	1
2.2 Stratigraphy	2
2.3 Structure and Hydrocarbon Migration	3
3.0 Overview of Leases I/14 and I/15	3
3.1 License Terms and Ownership	3
3.2 Field Development and Facilities	3
4.0 Data and Methodology	4
4.1 Geology and Gross Rock Volume	4
4.2 Petrophysics	5
4.3 Original Gas-in-Place and Recovery	6
5.0 Reserves	6
5.1 Economic Analysis and Parameters	7
5.1.1 Base Case Gas and Condensate Prices	7
5.1.2 Operating Costs	7
5.1.3 Capital and Abandonment Costs	7
5.1.4 Future Net Revenue	8
5.2 Sensitivity Analysis	8
6.0 Contingent Resources	8
7.0 Reconciliations with Previous NSAI Estimates	9

FIGURES

Location Map	1
Stratigraphic Column – Levant Basin	2
Inventory of Available Well Data	3
Interpreted Well Log	4
Depth Structure – Top A Sand – Best Case	5
Volumetric Input Summary	6
Historical Production and Operating Expense Data	7
Low Price Case Sensitivity	
Proved (1P) Reserves	8
Proved + Probable (2P) Reserves	9
Proved + Probable + Possible (3P) Reserves	10
High Price Case Sensitivity	
Proved (1P) Reserves	11
Proved + Probable (2P) Reserves	12
Proved + Probable + Possible (3P) Reserves	13
Summary of Contingent Resources	14

SUMMARY PROJECTIONS OF REVENUE, COSTS, AND TAXES

REVENUE, COSTS, AND TAXES – BASE PRICE CASE
PROVED (1P) RESERVES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVATHAN FIELD, LEASES U/14 AND U/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Period Ending	Working Interest Revenue (MM\$)	Royalties			Total (MM\$)	Net Capital Costs (MM\$)	Net Abandonment Costs (MM\$)	Net Operating Expenses (MM\$)	Levy ⁽¹⁾ (MM\$)	Corporate Income Taxes ⁽²⁾ (MM\$)	Future Net Revenue After Levy and Corporate Income Taxes	
		State (MM\$)	Interested Party (MM\$)	Third Party (MM\$)							Total (MM\$)	Discounted at 10% (MM\$)
12-31-2022	267.3	28.9	4.5	9.0	42.4	20.8	0.0	38.3	0.0	142.6	23.2	22.9
12-31-2023	1,029.3	118.4	14.2	28.4	161.0	50.9	0.0	130.7	0.0	118.4	968.2	529.0
12-31-2024	1,047.5	120.5	14.5	28.9	163.8	0.0	0.0	122.1	0.0	122.0	639.6	541.3
12-31-2025	1,045.6	120.2	43.9	28.9	193.0	0.0	0.0	120.3	0.0	115.3	617.0	474.8
12-31-2026	1,024.6	117.8	61.3	28.3	207.4	0.0	0.0	119.8	36.4	98.9	562.1	393.2
12-31-2027	1,025.3	117.9	61.3	28.3	207.5	0.0	0.0	122.3	181.4	65.1	449.0	285.5
12-31-2028	1,043.8	120.0	62.4	28.8	211.3	0.0	0.0	123.7	236.5	55.6	416.9	241.0
12-31-2029	1,055.7	121.4	63.1	29.1	213.7	0.0	0.0	144.2	274.3	45.3	378.2	198.8
12-31-2030	1,071.1	123.2	64.1	29.6	216.8	0.0	0.0	123.7	326.6	82.2	321.9	153.8
12-31-2031	1,099.8	126.5	65.8	30.4	222.6	0.0	0.0	123.8	352.6	82.9	317.9	138.1
12-31-2032	1,099.9	126.5	65.8	30.4	222.7	0.0	0.0	123.8	352.6	83.8	317.0	125.2
12-31-2033	1,100.3	126.5	65.8	30.4	222.7	0.0	0.0	123.8	352.6	85.9	315.2	113.1
12-31-2034	1,101.5	126.7	65.9	30.4	222.9	0.0	0.0	144.4	343.6	85.0	305.6	99.7
12-31-2035	1,055.6	121.4	63.1	29.1	213.7	0.0	0.0	100.9	303.6	90.7	303.6	90.1
12-31-2036	1,055.6	121.4	63.1	29.1	213.7	0.0	0.0	100.9	303.6	90.7	303.6	81.9
12-31-2037	1,040.3	119.6	62.2	28.7	210.6	0.0	0.0	100.8	341.1	89.2	298.6	73.2
12-31-2038	1,010.6	116.2	60.4	27.9	204.6	0.0	0.0	100.6	330.1	86.3	289.0	64.4
12-31-2039	981.6	112.9	58.7	27.1	198.7	0.0	0.0	121.1	309.7	81.0	271.1	54.9
12-31-2040	955.9	109.9	57.2	26.4	193.5	0.0	0.0	100.3	309.9	81.0	271.2	50.0
12-31-2041	932.3	107.2	55.8	25.7	188.7	0.0	0.0	100.2	301.1	78.7	263.6	44.1
12-31-2042	908.8	104.5	54.3	25.1	183.9	0.0	0.0	99.9	282.4	76.4	255.9	39.0
12-31-2043	886.3	101.9	53.0	24.5	179.4	0.0	0.0	99.9	284.1	74.3	246.6	34.4
12-31-2044	845.8	97.3	50.6	23.3	171.2	0.0	0.0	120.3	259.4	67.8	229.2	28.6
12-31-2045	826.3	95.0	49.4	22.8	167.2	0.0	0.0	99.6	261.8	66.5	223.2	26.2
12-31-2046	807.9	92.9	48.3	22.3	163.5	0.0	0.0	99.5	255.0	66.7	223.2	23.2
12-31-2047	789.5	47.2	789.5	21.8	159.8	0.0	0.0	99.4	248.2	64.9	217.2	20.5
12-31-2048	772.1	88.8	46.2	21.3	156.3	0.0	0.0	99.3	241.7	63.2	211.6	18.2
12-31-2049	755.8	86.9	45.2	20.9	153.0	0.0	0.0	119.8	226.0	59.1	197.9	15.5
12-31-2050	740.4	85.2	44.3	20.4	149.9	0.0	0.0	99.1	230.0	60.1	201.3	14.3
12-31-2051	725.1	83.4	43.4	20.0	146.8	0.0	0.0	99.0	224.3	58.7	196.4	12.7
12-31-2052	710.8	81.7	42.5	19.6	143.9	0.0	0.0	99.0	219.0	57.3	191.7	11.3
12-31-2053	696.5	80.1	41.6	19.2	141.0	0.0	0.0	98.9	213.7	55.9	187.1	10.0
12-31-2054	683.2	78.6	40.9	18.5	138.3	0.0	0.0	119.4	199.1	52.1	174.3	8.5
12-31-2055	670.9	77.2	40.1	18.5	135.8	0.0	0.0	98.7	204.2	53.4	178.8	7.9
12-31-2056	657.6	75.6	39.3	18.2	133.1	0.0	0.0	98.7	199.3	52.1	174.5	7.0
12-31-2057	644.3	74.1	38.5	17.8	130.4	0.0	0.0	98.6	194.4	50.8	170.1	6.2
12-31-2058	633.1	72.8	37.9	17.5	128.1	0.0	0.0	98.5	190.2	49.7	166.5	5.5
12-31-2059	620.8	71.4	37.1	17.1	125.7	0.0	0.0	119.1	176.0	46.0	154.1	4.6
12-31-2060	608.6	70.0	36.4	16.8	123.2	0.0	0.0	98.4	181.1	47.4	158.5	4.3
12-31-2061	596.3	68.6	35.7	16.5	120.7	0.0	0.0	98.3	176.6	46.2	154.5	3.8
12-31-2062	586.1	67.4	35.0	16.2	118.6	0.0	0.0	98.3	172.8	41.1	155.3	3.5
12-31-2063	574.8	66.1	34.4	15.9	116.3	0.0	0.0	98.2	168.6	40.0	151.7	3.1
12-31-2064	57.8	7.8	4.1	1.9	13.7	0.0	95.7	16.5	0.0	4.6	62.6	-1.2
Total	35,852.9	4,121.2	2,018.4	991.2	7,130.8	71.7	96.7	4,562.2	9,580.6	3,035.6	11,395.2	4,082.0

Totals may not add because of rounding.

⁽¹⁾ Oil and gas profits levy estimates are provided by NewMed.

⁽²⁾ Corporate income tax estimates are provided by NewMed and are its expected corporate income taxes per year.

All estimates and exhibits herein are part of this NSA report and are subject to its parameters and conditions.

Table I

REVENUE, COSTS, AND TAXES – BASE PRICE CASE
PROBABLE RESERVES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVATHAN FIELD, LEASES #14 AND #15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Period Ending	Working Interest Revenue (MMS)	Royalties			Total (MMS)	Net Capital Costs (MMS)	Net Abandonment Costs (MMS)	Net Operating Expenses (MMS)	Levy ⁽¹⁾ (MMS)	Corporate Income Taxes ⁽²⁾ (MMS)	Future Net Revenue After Levy and Corporate Income Taxes	
		State (MMS)	Interested Party (MMS)	Third Party (MMS)							Total (MMS)	Discounted at 10% (MMS)
12-31-2022	15.2	1.6	0.2	0.4	2.3	0.0	0.0	15.8	0.0	-0.7	-2.2	-2.2
12-31-2023	111.8	12.9	1.5	3.1	17.5	0.0	0.0	10.2	0.0	19.3	64.3	60.3
12-31-2024	150.6	17.3	2.1	4.2	23.5	0.0	0.0	12.8	0.0	26.3	87.9	74.4
12-31-2025	168.2	19.3	24.8	4.6	48.8	0.0	0.0	12.8	0.0	24.5	82.1	63.2
12-31-2026	182.0	20.9	10.9	5.0	36.8	0.0	0.0	13.3	111.3	4.7	15.9	11.1
12-31-2027	181.8	20.9	10.9	5.0	36.8	0.0	0.0	13.3	82.0	11.4	38.3	24.4
12-31-2028	185.6	21.3	11.1	5.1	37.6	0.0	0.0	13.3	97.1	8.7	29.0	16.8
12-31-2029	170.8	19.6	10.2	4.7	34.6	0.0	0.0	13.2	99.7	5.4	18.0	9.4
12-31-2030	141.7	16.3	8.5	3.9	28.7	0.0	0.0	13.0	82.1	8.7	29.2	13.9
12-31-2031	109.9	12.6	6.6	3.0	22.3	0.0	0.0	7.0	27.8	9.9	33.1	14.4
12-31-2032	81.3	9.4	4.9	2.2	16.5	0.0	0.0	6.9	27.1	7.1	23.8	9.4
12-31-2033	53.7	6.2	3.2	1.3	10.9	0.0	0.0	6.7	16.9	4.4	14.8	5.3
12-31-2034	29.3	3.4	1.8	0.8	5.9	0.0	0.0	6.5	7.9	2.1	6.9	2.2
12-31-2035	5.1	0.6	0.3	0.1	1.0	0.0	0.0	2.4	0.8	0.2	0.7	0.2
12-31-2036	-16.4	-1.9	-1.0	-0.5	-3.3	0.0	0.0	2.3	-7.2	-1.9	-6.3	-1.7
12-31-2037	-21.5	-2.5	-1.3	-0.6	-4.4	0.0	0.0	2.3	-9.1	-2.4	-8.0	-2.0
12-31-2038	-11.3	-1.3	-0.7	-0.3	-2.3	0.0	0.0	2.3	-5.3	-1.4	-4.6	-1.0
12-31-2039	-2.1	-0.2	-0.1	-0.1	-0.4	0.0	0.0	2.4	-1.9	-0.5	-1.7	-0.3
12-31-2040	8.2	0.9	0.5	0.2	1.7	0.0	0.0	2.5	1.9	0.5	1.7	0.3
12-31-2041	16.4	1.9	1.0	0.5	3.3	0.0	0.0	2.5	5.0	1.3	4.3	0.7
12-31-2042	24.6	2.8	1.5	0.7	5.0	0.0	0.0	2.5	8.0	2.1	7.0	1.1
12-31-2043	31.8	3.7	1.9	0.9	6.4	0.0	0.0	2.6	10.6	2.8	9.3	1.3
12-31-2044	51.6	5.9	3.1	1.4	10.4	0.0	0.0	2.7	18.0	4.7	15.8	2.0
12-31-2045	57.8	6.6	3.5	1.6	11.7	0.0	0.0	2.8	20.3	5.3	17.8	2.0
12-31-2046	63.9	7.3	3.8	1.8	12.9	0.0	0.0	2.8	22.5	5.9	19.7	2.1
12-31-2047	69.2	8.0	4.1	1.9	14.0	0.0	0.0	2.8	24.5	6.4	21.5	2.0
12-31-2048	76.1	8.8	4.6	2.1	15.4	0.0	0.0	2.8	27.1	7.1	23.7	2.0
12-31-2049	80.2	9.2	4.8	2.2	16.2	0.0	0.0	2.9	28.6	7.5	25.0	2.0
12-31-2050	84.3	9.7	5.0	2.3	17.1	0.0	0.0	2.9	30.1	7.9	26.4	1.9
12-31-2051	88.4	10.2	5.3	2.4	17.9	0.0	0.0	2.9	31.6	8.3	27.7	1.8
12-31-2052	90.4	10.4	5.4	2.5	18.3	0.0	0.0	2.9	32.4	8.5	28.4	1.7
12-31-2053	93.5	10.8	5.6	2.6	18.9	0.0	0.0	2.9	33.5	8.8	29.4	1.6
12-31-2054	95.6	11.0	5.7	2.6	19.3	0.0	0.0	2.9	34.3	9.0	30.0	1.5
12-31-2055	96.5	11.1	5.8	2.7	19.5	0.0	0.0	2.9	34.7	9.1	30.3	1.3
12-31-2056	98.6	11.3	5.9	2.7	20.0	0.0	0.0	3.0	35.4	9.3	31.0	1.3
12-31-2057	100.7	11.6	6.0	2.8	20.4	0.0	0.0	3.0	36.2	9.5	31.7	1.2
12-31-2058	100.6	11.6	6.0	2.8	20.4	0.0	0.0	3.0	36.2	9.5	31.7	1.0
12-31-2059	102.7	11.8	6.1	2.8	20.8	0.0	0.0	3.0	36.9	9.7	32.3	1.0
12-31-2060	104.7	12.0	6.3	2.9	21.2	0.0	0.0	3.0	37.7	9.9	33.0	0.9
12-31-2061	106.6	12.3	6.4	2.9	21.6	0.0	0.0	3.0	38.5	10.1	33.7	0.8
12-31-2062	106.7	12.3	6.4	2.9	21.6	0.0	0.0	3.0	38.4	10.0	33.6	0.8
12-31-2063	108.8	12.5	6.5	3.0	22.0	0.0	0.0	3.0	39.2	10.3	34.3	0.7
12-31-2064	14.1	1.6	0.8	0.4	2.9	0.0	0.0	0.6	0.0	2.5	8.2	0.2
Total	3,407.8	391.8	205.8	94.1	691.6	0.0	0.0	225.1	1,180.8	301.4	1,008.9	330.8

Totals may not add because of rounding.

⁽¹⁾ Oil and gas profits levy estimates are provided by NewMed.

⁽²⁾ Corporate income tax estimates are provided by NewMed and are its expected corporate income taxes per year.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Table II

REVENUE, COSTS, AND TAXES – BASE PRICE CASE
PROVED + PROBABLE (2P) RESERVES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVATHAN FIELD, LEASES I/14 AND I/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Period Ending	Working Interest Revenue (MMS)	Royalties			Total (MMS)	Net Capital Costs (MMS)	Net Abandonment Costs (MMS)	Net Operating Expenses (MMS)	Levy ⁽¹⁾ (MMS)	Corporate Income Taxes ⁽²⁾ (MMS)	Future Net Revenue After Levy and Corporate Income Taxes	
		State (MMS)	Interested Party (MMS)	Third Party (MMS)							Total (MMS)	Discounted at 10% (MMS)
12-31-2022	282.5	30.5	4.7	9.4	44.7	20.8	0.0	54.0	0.0	142.0	21.0	20.7
12-31-2023	1,141.1	131.2	15.7	31.5	178.5	50.9	0.0	140.9	0.0	137.8	633.0	589.3
12-31-2024	1,198.1	137.8	16.5	33.1	187.4	0.0	0.0	134.9	0.0	148.3	727.5	615.8
12-31-2025	1,213.8	139.6	66.7	33.5	241.8	0.0	0.0	133.0	0.0	103.6	699.1	537.9
12-31-2026	1,206.6	138.8	72.2	33.3	244.2	0.0	0.0	133.1	147.7	103.6	578.0	404.3
12-31-2027	1,207.1	138.8	72.2	33.3	244.3	0.0	0.0	135.6	263.4	76.5	487.3	309.9
12-31-2028	1,229.5	141.4	73.5	33.9	248.8	0.0	0.0	137.0	333.6	64.2	445.8	257.7
12-31-2029	1,226.5	141.0	73.3	33.9	248.2	0.0	0.0	137.4	374.0	50.6	396.2	208.2
12-31-2030	1,339.5	139.5	72.5	33.5	245.5	0.0	0.0	136.7	388.8	90.9	351.0	167.7
12-31-2031	1,209.7	139.1	72.3	33.4	244.8	0.0	0.0	130.8	390.4	92.8	351.0	152.4
12-31-2032	1,181.3	135.8	70.6	32.6	239.1	0.0	0.0	130.7	379.8	90.9	340.8	134.6
12-31-2033	1,154.0	132.7	69.0	31.9	235.6	0.0	0.0	130.4	369.7	90.3	330.0	118.4
12-31-2034	1,130.6	130.0	67.6	31.2	228.9	0.0	0.0	130.9	351.5	87.1	312.5	102.0
12-31-2035	1,060.7	122.0	63.4	29.3	214.7	0.0	0.0	103.3	347.6	90.8	304.3	90.3
12-31-2036	1,039.2	119.5	62.1	28.7	210.3	0.0	0.0	103.2	339.6	88.8	297.3	80.2
12-31-2037	1,018.8	117.2	60.9	28.1	206.2	0.0	0.0	103.1	332.0	86.8	290.6	71.3
12-31-2038	999.3	114.9	59.8	27.6	202.3	0.0	0.0	103.0	324.8	84.9	284.3	63.4
12-31-2039	979.5	112.6	58.6	27.0	198.3	0.0	0.0	123.5	307.8	80.5	269.5	54.6
12-31-2040	964.1	110.9	57.7	26.6	195.1	0.0	0.0	102.8	311.8	81.5	272.9	50.3
12-31-2041	948.7	109.1	56.7	26.2	192.0	0.0	0.0	102.7	306.1	80.0	267.9	44.9
12-31-2042	933.4	107.3	55.8	25.8	188.9	0.0	0.0	102.6	300.4	78.5	262.9	40.0
12-31-2043	918.1	105.6	54.9	25.3	185.8	0.0	0.0	102.5	294.7	77.1	258.0	35.7
12-31-2044	897.4	103.2	53.7	24.8	181.6	0.0	0.0	123.0	282.1	72.5	242.8	30.5
12-31-2045	884.1	101.7	52.9	24.4	178.9	0.0	0.0	102.3	282.1	73.8	246.9	28.2
12-31-2046	871.8	100.3	52.1	24.1	176.5	0.0	0.0	102.3	272.7	72.6	243.0	25.3
12-31-2047	858.7	98.7	51.3	23.7	173.8	0.0	0.0	102.2	272.7	71.3	238.7	22.6
12-31-2048	846.2	97.5	50.7	23.4	171.7	0.0	0.0	102.1	268.8	70.3	235.3	20.2
12-31-2049	836.0	96.1	50.0	23.1	169.2	0.0	0.0	122.7	254.6	66.6	222.9	17.4
12-31-2050	824.8	94.8	49.3	22.8	166.9	0.0	0.0	102.0	260.1	66.0	227.7	16.2
12-31-2051	813.5	93.6	48.6	22.5	164.7	0.0	0.0	101.9	256.0	66.9	224.0	14.5
12-31-2052	801.2	92.1	47.9	22.1	162.2	0.0	0.0	101.8	251.4	65.7	220.1	12.9
12-31-2053	790.0	90.8	47.2	21.8	159.9	0.0	0.0	101.8	247.2	64.6	216.4	11.5
12-31-2054	778.7	89.6	46.6	21.5	157.6	0.0	0.0	122.3	233.4	61.0	204.3	9.9
12-31-2055	767.5	88.3	45.9	21.2	155.3	0.0	0.0	101.7	238.9	62.5	209.1	9.2
12-31-2056	756.2	87.0	45.2	20.9	153.1	0.0	0.0	101.6	234.7	61.4	205.5	8.2
12-31-2057	745.0	85.7	44.6	20.6	150.8	0.0	0.0	101.5	230.6	60.3	201.8	7.4
12-31-2058	733.7	84.4	43.9	20.3	148.5	0.0	0.0	101.5	226.4	59.2	198.2	6.6
12-31-2059	723.5	83.2	43.3	20.0	146.4	0.0	0.0	122.0	213.0	55.7	186.4	5.8
12-31-2060	713.3	82.0	42.7	19.7	144.4	0.0	0.0	101.4	218.8	57.2	191.5	5.2
12-31-2061	703.0	80.9	42.0	19.4	142.3	0.0	0.0	101.3	215.0	56.2	188.2	4.7
12-31-2062	692.8	79.7	41.4	19.1	140.2	0.0	0.0	101.3	211.2	51.1	186.0	4.3
12-31-2063	683.7	78.6	40.9	18.9	138.4	0.0	0.0	101.2	207.8	50.3	186.0	3.8
12-31-2064	81.9	9.4	4.9	2.3	16.6	0.0	95.7	17.0	0.0	7.0	-54.4	-1.0
Total	39,260.6	4,513.0	2,224.2	1,085.2	7,822.4	71.7	95.7	4,787.3	10,741.4	3,338.0	12,404.1	4,412.7

Totals may not add because of rounding.

⁽¹⁾ Oil and gas profits levy estimates are provided by NewMed.

⁽²⁾ Corporate income tax estimates are provided by NewMed and are its expected corporate income taxes per year.

Table III

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

REVENUE, COSTS, AND TAXES – BASE PRICE CASE
POSSIBLE RESERVES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVATHAN FIELD, LEASES I/14 AND I/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Period Ending	Working Interest Revenue (MMS)	Royalties			Total (MMS)	Net Capital Costs (MMS)	Net Abandonment Costs (MMS)	Net Operating Expenses (MMS)	Levy ⁽¹⁾ (MMS)	Corporate Income Taxes ⁽²⁾ (MMS)	Future Net Revenue After Levy and Corporate Income Taxes	
		State (MMS)	Interested Party (MMS)	Third Party (MMS)							Total (MMS)	Discounted at 10% (MMS)
12-31-2022	20.2	2.2	0.3	0.6	3.0	0.0	0.0	1.8	0.0	3.5	11.8	11.7
12-31-2023	103.6	11.9	1.4	2.9	16.2	0.0	0.0	7.1	0.0	18.5	61.8	57.5
12-31-2024	47.1	5.4	6.3	1.3	13.0	0.0	0.0	5.0	0.0	6.7	22.4	18.9
12-31-2025	24.4	2.8	5.3	0.7	8.8	0.0	0.0	4.8	0.0	2.5	8.3	6.4
12-31-2026	9.0	1.0	0.5	0.2	1.8	0.0	0.0	5.1	40.6	-8.9	-29.7	-20.7
12-31-2027	10.9	1.2	0.6	0.3	2.2	0.0	0.0	5.1	11.8	-2.5	-8.4	-5.3
12-31-2028	8.8	1.0	0.5	0.2	1.8	0.0	0.0	5.2	14.4	-2.3	-7.6	-4.4
12-31-2029	26.0	3.0	1.6	0.7	5.3	0.0	0.0	5.1	12.7	0.6	2.1	1.1
12-31-2030	41.7	4.8	2.5	1.2	8.4	0.0	0.0	5.3	13.1	3.4	11.5	5.5
12-31-2031	34.6	4.0	2.1	1.0	7.0	0.0	0.0	2.3	11.8	3.1	10.3	4.5
12-31-2032	32.0	3.7	1.9	0.9	6.5	0.0	0.0	-2.7	13.2	3.5	11.6	4.6
12-31-2033	31.6	3.7	1.9	0.9	6.4	0.0	0.0	-6.5	14.9	3.9	13.1	4.7
12-31-2034	32.5	3.7	1.9	0.9	6.6	0.0	0.0	-4.6	14.3	3.7	12.5	4.1
12-31-2035	35.7	4.1	2.1	1.0	7.2	0.0	0.0	0.9	12.9	3.4	11.3	3.3
12-31-2036	37.7	4.1	2.1	1.0	7.2	0.0	0.0	0.9	12.9	3.4	11.3	3.0
12-31-2037	36.8	4.2	2.2	1.0	7.4	0.0	0.0	0.9	13.3	3.5	11.6	2.8
12-31-2038	38.8	4.5	2.3	1.1	7.9	0.0	0.0	0.9	14.0	3.7	12.3	2.7
12-31-2039	40.8	4.7	2.4	1.1	8.3	0.0	0.0	1.0	14.8	3.9	13.0	2.6
12-31-2040	40.9	4.7	2.4	1.1	8.3	0.0	0.0	1.0	14.8	3.9	13.0	2.4
12-31-2041	43.0	4.9	2.6	1.2	8.9	0.0	0.0	1.0	15.6	4.1	13.6	2.3
12-31-2042	44.0	5.1	2.6	1.2	8.9	0.0	0.0	1.0	16.0	4.2	14.0	2.1
12-31-2043	46.1	5.3	2.8	1.3	9.3	0.0	0.0	1.0	16.7	4.4	14.6	2.0
12-31-2044	50.2	5.8	3.0	1.4	10.2	0.0	0.0	1.0	18.3	4.8	16.0	2.0
12-31-2045	52.3	6.0	3.1	1.4	10.6	0.0	0.0	1.0	19.0	5.0	16.7	1.9
12-31-2046	53.3	6.1	3.2	1.5	10.8	0.0	0.0	1.0	19.4	5.1	17.0	1.8
12-31-2047	55.5	6.4	3.3	1.5	11.2	0.0	0.0	1.0	20.2	5.3	17.7	1.7
12-31-2048	60.6	7.0	3.6	1.7	12.3	0.0	0.0	1.1	22.1	5.8	19.4	1.6
12-31-2049	62.7	7.2	3.7	1.7	12.7	0.0	0.0	1.1	22.9	6.0	20.0	1.5
12-31-2050	64.7	7.4	3.9	1.8	13.1	0.0	0.0	1.1	23.6	6.2	20.7	1.5
12-31-2051	66.7	7.7	4.0	1.8	13.5	0.0	0.0	1.1	24.4	6.4	21.4	1.4
12-31-2052	70.8	8.1	4.2	2.0	14.3	0.0	0.0	1.1	25.9	6.8	22.7	1.3
12-31-2053	73.9	8.5	4.4	2.0	15.0	0.0	0.0	1.1	27.0	7.1	23.7	1.3
12-31-2054	77.0	8.9	4.6	2.1	15.6	0.0	0.0	1.2	28.2	7.4	24.7	1.2
12-31-2055	81.1	9.3	4.8	2.2	16.4	0.0	0.0	1.2	29.7	7.8	26.0	1.1
12-31-2056	84.1	9.7	5.0	2.3	17.0	0.0	0.0	1.2	30.8	8.1	27.0	1.1
12-31-2057	88.2	10.1	5.3	2.4	17.9	0.0	0.0	1.2	32.4	8.5	28.3	1.0
12-31-2058	93.2	10.7	5.6	2.6	18.9	0.0	0.0	1.3	34.3	9.0	30.0	1.0
12-31-2059	98.4	11.1	5.8	2.7	19.5	0.0	0.0	1.3	35.4	9.3	31.0	0.9
12-31-2060	106.5	11.6	6.0	2.8	20.3	0.0	0.0	1.3	36.9	9.6	32.3	0.9
12-31-2061	105.7	12.2	6.3	2.9	21.4	0.0	0.0	1.3	38.8	10.1	34.0	0.8
12-31-2062	109.7	12.6	6.6	3.0	22.2	0.0	0.0	1.3	40.3	10.5	35.3	0.8
12-31-2063	112.8	13.0	6.7	3.1	22.8	0.0	0.0	1.4	41.5	10.8	36.3	0.7
12-31-2064	14.3	1.6	0.9	0.4	2.9	0.0	0.0	0.6	0.0	2.5	8.3	0.2
Total	2,358.3	271.1	142.7	65.1	478.8	0.0	0.0	65.7	849.1	221.9	742.8	137.8

Totals may not add because of rounding.

⁽¹⁾ Oil and gas profits levy estimates are provided by NewMed.

⁽²⁾ Corporate income tax estimates are provided by NewMed and are its expected corporate income taxes per year.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Table IV

REVENUE, COSTS, AND TAXES – BASE PRICE CASE
PROVED + PROBABLE + POSSIBLE (3P) RESERVES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVIATHAN FIELD, LEASES 1/14 AND 1/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Period Ending	Working Interest Revenue (MM\$)	Royalties			Total (MM\$)	Net Capital Costs (MM\$)	Net Abandonment Costs (MM\$)	Net Operating Expenses (MM\$)	Levy ⁽¹⁾ (MM\$)	Corporate Income Taxes ⁽²⁾ (MM\$)	Future Net Revenue After Levy and Corporate Income Taxes	
		State (MM\$)	Interested Party (MM\$)	Third Party (MM\$)							Total (MM\$)	Discounted at 10% (MM\$)
12-31-2022	302.7	32.7	5.0	10.0	47.7	20.8	0.0	55.9	0.0	145.5	32.8	32.4
12-31-2023	1,244.7	143.1	17.2	34.4	194.7	50.9	0.0	148.0	0.0	156.2	694.8	646.9
12-31-2024	1,245.2	143.2	22.9	34.4	200.4	0.0	0.0	139.9	0.0	155.0	749.9	634.7
12-31-2025	1,238.2	142.4	74.0	34.2	250.6	0.0	0.0	137.9	0.0	142.3	707.4	544.3
12-31-2026	1,215.7	139.8	72.7	33.6	246.0	0.0	0.0	138.2	188.3	94.8	548.4	383.6
12-31-2027	1,218.0	140.1	72.8	33.6	246.5	0.0	0.0	140.7	277.8	74.0	478.9	304.5
12-31-2028	1,238.3	142.4	74.0	34.2	250.6	0.0	0.0	142.1	345.3	62.0	438.3	253.4
12-31-2029	1,252.4	144.0	74.9	34.6	253.5	0.0	0.0	162.6	386.8	51.3	398.3	209.3
12-31-2030	1,254.6	144.3	75.0	34.6	253.9	0.0	0.0	142.0	401.9	94.3	382.3	173.2
12-31-2031	1,244.3	143.1	74.4	34.3	251.9	0.0	0.0	133.1	402.2	95.9	381.3	156.9
12-31-2032	1,215.3	139.5	72.6	33.5	245.6	0.0	0.0	128.0	393.0	94.4	352.4	139.1
12-31-2033	1,185.9	136.4	70.9	32.7	240.0	0.0	0.0	123.9	384.7	94.2	343.1	123.1
12-31-2034	1,163.3	133.8	69.6	32.1	235.4	0.0	0.0	146.3	365.7	90.8	325.0	106.0
12-31-2035	1,096.4	126.1	65.6	30.3	221.9	0.0	0.0	104.3	360.5	94.2	315.5	93.6
12-31-2036	1,074.9	123.6	64.3	29.7	217.6	0.0	0.0	104.1	352.5	92.1	308.6	83.2
12-31-2037	1,055.5	121.4	63.1	29.1	213.6	0.0	0.0	103.9	345.3	90.3	302.3	74.1
12-31-2038	1,038.1	119.4	62.1	28.7	210.1	0.0	0.0	103.9	338.9	88.6	296.6	66.1
12-31-2039	1,020.4	117.3	61.0	28.2	206.5	0.0	0.0	124.4	322.6	84.4	282.4	57.2
12-31-2040	1,005.0	115.6	60.1	27.7	203.4	0.0	0.0	103.7	326.6	85.4	285.9	52.7
12-31-2041	991.7	114.0	59.3	27.4	200.7	0.0	0.0	103.7	321.7	84.1	281.6	47.1
12-31-2042	977.4	112.4	58.4	27.0	197.8	0.0	0.0	103.6	316.4	82.7	276.9	42.2
12-31-2043	964.1	110.9	57.7	26.6	195.1	0.0	0.0	103.5	311.4	81.4	272.6	37.7
12-31-2044	947.6	109.0	56.7	26.2	191.8	0.0	0.0	124.0	295.7	77.3	258.8	32.6
12-31-2045	936.4	107.7	56.0	25.8	189.5	0.0	0.0	103.4	301.2	76.7	263.6	30.1
12-31-2046	925.1	106.4	55.3	25.2	186.0	0.0	0.0	103.3	297.0	76.6	259.9	27.0
12-31-2047	914.2	105.1	54.7	25.1	182.2	0.0	0.0	103.2	292.9	76.6	256.4	24.2
12-31-2048	903.9	104.5	54.4	25.1	184.0	0.0	0.0	103.2	291.0	76.1	254.7	21.9
12-31-2049	898.7	103.3	53.7	24.8	181.9	0.0	0.0	123.7	277.5	72.6	242.9	19.0
12-31-2050	889.4	102.3	53.2	24.5	180.0	0.0	0.0	103.1	283.8	74.2	248.4	17.6
12-31-2051	880.2	101.2	52.6	24.3	178.2	0.0	0.0	103.0	280.4	73.3	245.4	15.8
12-31-2052	872.1	100.3	52.1	24.1	176.5	0.0	0.0	103.0	277.3	72.5	242.7	14.2
12-31-2053	863.9	99.3	51.7	23.8	174.8	0.0	0.0	102.9	274.3	71.7	240.1	12.8
12-31-2054	855.7	98.4	51.2	23.6	173.2	0.0	0.0	102.9	261.6	69.4	235.1	11.1
12-31-2055	848.5	97.6	50.7	23.4	171.7	0.0	0.0	102.9	268.6	70.2	238.1	10.4
12-31-2056	840.4	96.6	50.3	23.2	170.1	0.0	0.0	102.8	265.6	69.4	232.5	9.3
12-31-2057	833.2	95.8	49.8	23.0	168.6	0.0	0.0	102.8	262.9	68.7	230.1	8.4
12-31-2058	827.1	95.1	49.5	22.8	167.4	0.0	0.0	102.7	260.6	68.1	228.1	7.6
12-31-2059	819.9	94.3	49.0	22.6	165.9	0.0	0.0	102.7	248.3	64.9	217.4	6.5
12-31-2060	813.6	93.6	48.7	22.5	164.7	0.0	0.0	102.7	255.7	66.9	223.6	6.1
12-31-2061	806.7	93.0	48.4	22.3	163.7	0.0	0.0	102.6	253.8	66.4	222.2	5.5
12-31-2062	802.6	92.3	48.0	22.2	162.4	0.0	0.0	102.6	251.6	61.7	224.3	5.1
12-31-2063	796.4	91.6	47.6	22.0	161.2	0.0	0.0	102.6	249.3	61.1	222.3	4.6
12-31-2064	96.2	11.1	5.8	2.7	19.5	0.0	95.7	17.7	0.0	9.5	46.1	-0.9
Total	41,618.9	4,784.1	2,366.8	1,150.3	8,301.3	71.7	95.7	4,853.0	11,590.5	3,559.9	13,146.9	4,550.5

Totals may not add because of rounding.

⁽¹⁾ Oil and gas profits levy estimates are provided by NewMed.

⁽²⁾ Corporate income tax estimates are provided by NewMed and are its expected corporate income taxes per year.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Table V

TECHNICAL DISCUSSION

TECHNICAL DISCUSSION

LEVIATHAN FIELD

LEASES I/14 AND I/15, OFFSHORE ISRAEL

1.0 GENERAL OVERVIEW

Netherland, Sewell & Associates, Inc. (NSAI) has estimated the proved, probable, and possible reserves and future revenue, as of September 30, 2022, to the NewMed Energy – Limited Partnership (NewMed) interest in certain gas properties located in Leviathan Field, Leases I/14 and I/15, offshore Israel. We have also estimated the contingent resources, as of September 30, 2022, to the NewMed working interest in these properties. A location map for Leases I/14 and I/15 is shown on Figure 1. Gross volumes shown in this Competent Person's Report (report) are 100 percent of the volumes expected to be produced from the properties.

The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE) and in accordance with the recommendations of the Financial Conduct Authority (FCA), as set out in Primary Market Technical Note 619.1 – the Guidelines on disclosure requirements under the Prospectus Regulation and Guidance on specialist issuers published by the FCA. As presented in the 2018 PRMS, petroleum accumulations can be classified in decreasing order of likelihood of commerciality as reserves, contingent resources, or prospective resources. Different classifications of petroleum accumulations have varying degrees of technical and commercial risk that are difficult to quantify; thus reserves, contingent resources, and prospective resources should not be aggregated without extensive consideration of these factors.

For the purposes of this report, we used technical and economic data including, but not limited to, well logs, geologic maps, seismic data, core data, well test data, production data, historical price and cost information, and property ownership interests. The reserves and contingent resources in this report have been estimated using deterministic methods; these estimates have been prepared in accordance with generally accepted petroleum engineering and evaluation principles set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE. We used standard engineering and geoscience methods, or a combination of methods, including performance analysis, volumetric analysis, analogy, and reservoir modeling, that we considered to be appropriate and necessary to classify, categorize, and estimate volumes in accordance with the 2018 PRMS definitions and guidelines. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

2.0 REGIONAL GEOLOGY

2.1 BASIN OVERVIEW

Leviathan Field is located in the Levant Basin of the Eastern Mediterranean region. The eastern extent of the basin is marked by the Levant Transform Zone (Dead Sea Transform), the western edge of the basin is delineated by the Nile Delta Cone and the Eratosthenes Seamount, and the northern border is defined by the Taurus Fault Zone (Cyprian Arc). A generalized stratigraphic column of the Levant Basin is shown on Figure 2. Formation of the basin was initiated during the Permian through a series of rifting phases associated with the breakup of Gondwana and the formation of the Tethys Sea. The sequence of rifting

events produced a faulted basement that exhibited a tilted block pattern with pronounced highs and lows and a northeast-to-southwest orientation. The rifting, which ended in the Middle Jurassic, was followed by post-rift cooling and subsidence of the basin. Beginning in the Middle Jurassic, the basin was a major depocenter and accommodated distal clastic and carbonate sedimentation. Convergence of the African, Arabian, and Eurasian Plates began during the Upper Cretaceous, causing compression of the Levant Basin margin and forming a series of folds and reverse faults, often referred to as the Syrian Arc fold belt. These folds are interpreted to have been caused by reactivation, in a reverse motion, of deep-seated normal faults created during the rifting stage.

During the late Eocene, a significant regressive sequence occurred as the shoreline retreated hundreds of kilometers to the west. This regression exposed large parts of the previously submerged Arabian platform carbonates. As a result, a regional continental drainage system began to transport terrigenous material toward the sea. An Oligocene unconformity separates the older carbonate section from the overlying late Oligocene- to Miocene-aged siliciclastic sediments. The Oligo-Miocene interval is capped by a thick late Miocene evaporitic deposit that was formed during a major regressive sequence known as the Messinian Salinity Crisis. This deposit is covered by a Plio-Pleistocene fine-grained siliciclastic wedge formed during the subsequent transgressive sequence.

2.2 STRATIGRAPHY

In the Levant Basin, the pre-rift Paleozoic is predominantly characterized by terrestrial and shallow marine deposits that sit on crystalline basement. The Triassic and Lower Jurassic are composed of carbonate, siliciclastic, and evaporitic sequences of the Ramon and Arad Groups that are reflective of a wide continental to shallow marine platform.

A regional unconformity was established during a lowstand period in the Lower Cretaceous. Volcanic and tectonic activity also occurred at this time along with sedimentation. The Gevar'am Group consists of organic-rich marine shales with conglomerate and sandstone intercalations, and it was deposited during this period. The Talme Yafe Group unconformably overlies the Gevar'am Group and is characterized by calcium-rich turbidite deposits that extend deep into the basin. Middle Cretaceous deposition was influenced by frequent sea level changes that generated large carbonate platforms on the basin margins, such as the limestone and dolomite sequences of the Judea Group and isolated carbonate buildups on offshore highs.

Significant sea level rise and formation of the Syrian Arc anticlines took place in the Upper Cretaceous. Deposition of pelagic chalks, marls, and shales of the Negba, Dalyya, and Ghareb Formations was taking place concurrently. These sequences are generally characterized by high organic content.

From the Oligocene to early Miocene, rapid deepwater deposition dominated by the Proto-Nile occurred within the basin. The Bet Guvrin Formation, which contains the Tamar Sands, was among the sand-rich sequences that were deposited during this time. These turbidite sands are regionally extensive and serve as gas-bearing reservoirs in a number of discoveries within the basin, including Leviathan Field.

In the late Miocene, the Mediterranean Sea was isolated from the Atlantic Ocean and became an expansive hypersaline basin. In the eastern Mediterranean, this Messinian Salinity Crisis resulted in the deposition of the thick evaporitic Mavqi'im Formation.

Sea level in the Mediterranean rose again in the Pliocene with ensuing deposition of hemipelagic clays and marls of the Plio-Pleistocene Yafo Formation. These events were followed by another drop in sea level as sedimentation continued with deposition of turbidite sands. These sands have proved to be gas-bearing reservoirs throughout the region. Hemipelagic deposition resumed when sea levels rose again. As the

rate of sedimentation increased, progradation of highstand deposits occurred. In some areas, this resulted in over 1,000 meters (m) of sediment thickness within the Yafo Formation. Closer to the coastline, the Pleshet Formation conformably overlies the Yafo Formation.

2.3 STRUCTURE AND HYDROCARBON MIGRATION

Structural trap formation in the Levant Basin started in the late Cretaceous and continued into the late Miocene. The structural inversion events during this period resulted in a series of northeast-to-southwest-trending anticlines. These features are seen in the Tamar and Aphrodite Field structures, but the reservoir sands at Leviathan Field were deposited on an existing elevated structure, which is observable on seismic data. The gas in Leviathan Field is primarily biogenic and interpreted to be sourced from the shale intervals between reservoir sands. Large faults that extend down to basement serve as conduits for the migration of additional thermogenic hydrocarbons into these structures.

3.0 OVERVIEW OF LEASES I/14 AND I/15

Leviathan Field is located offshore Israel on Lease I/14 (Leviathan South) and on Lease I/15 (Leviathan North), approximately 120 kilometers (km) west of Haifa, as shown on Figure 1. Water depth in the field area is approximately 1,700 m. In addition to the reserves and contingent resources presented in this report, prospective resources also exist in the Leviathan Deep interval on these leases. These prospective resources are presented in a separate report.

3.1 LICENSE TERMS AND OWNERSHIP

Leases I/14 and I/15 have a 30-year primary term that began on February 14, 2014. After the primary term expires on February 13, 2044, the leaseholders can extend the lease for up to two additional 10-year terms, dependent on governmental approval. Each licensee's ownership interest is the same for both leases: NewMed owns a 45.34 percent working interest; Chevron Mediterranean Limited (Chevron), the operator of the properties, owns a 39.66 percent working interest; and Ratio Oil Exploration (1992) Limited Partnership owns the remaining 15.00 percent working interest.

3.2 FIELD DEVELOPMENT AND FACILITIES

The Leviathan 1 discovery well was spudded in October 2010 on a large, amplitude-supported, faulted, four-way structure. Discovery of gas was announced in December 2010. The Leviathan 1 well encountered three early Miocene gas-bearing sands: the A Sand with 45 m of gross sand, the B Sand with 48 m of gross sand, and the C Sand with 20 m of gross sand above the logged gas-water contact (GWC). A GWC was observed in the C Sand at approximately 4,989 m true vertical depth subsea (TVDSS). The Leviathan 3ST1 appraisal well was subsequently drilled approximately 9 km to the east to better define the structure and fieldwide GWC. This well encountered three gas-bearing sands: the A Sand with 42 m of gross sand, the B Sand with 44 m of gross sand, and the C Sand with 77 m of gross sand above the logged GWC, which was consistent with the GWC observed in the Leviathan 1 well. Four additional appraisal and development wells (Leviathan 4, Leviathan 5, Leviathan 7, and Leviathan 8) have been drilled. The final investment decision for the initial development of the Leviathan project was made in 2017 and the field has been on production since December 2019.

There are currently four producing subsea wells: Leviathan 3ST2, Leviathan 4ST1, Leviathan 5ST1, and Leviathan 7ST1. Each producing well is a sidetrack located immediately next to its respective original well and was sidetracked to perform an open-hole completion. Each of these wells is tied back to a central

subsea manifold via 14-inch in-field flowlines. The subsea manifold, which is at a water depth of 1,642 m, is tied back to a production platform through two 18-inch gathering lines that are 118 km in length. The Leviathan Platform, which houses the domestic supply module facilities, is located approximately 10 km off the coast of Israel at a water depth of approximately 86 m. NewMed's current development plan includes the completion of the Leviathan 8ST1 well in 2023; the volumes and revenues associated with this well have been included in our reserves estimates.

Future expansion plans, which are beyond the development plan included in our reserves estimates, would include additional subsea wells tied back to the central manifold, at least one additional gathering line to help reduce backpressure at the field location as gas rates are increased, and additional processing facilities on the offshore platform to increase the total gas sales capacity. The cost, timing, and exact specifications for this expansion are not yet mature enough to include these gas rates and volumes in our estimates of reserves and future net revenue. Phase I – First Stage contingent resources are associated with expansion plans that include additional drilling and one additional gathering line only.

4.0 DATA AND METHODOLOGY

All raw data for this evaluation were provided by NewMed and Chevron. The pertinent geologic information provided for Leviathan Field included a 3-D seismic data set, well logs, directional surveys, formation tops, and core reports. NSAI was also provided with structural interpretations based on the seismic data and Chevron's petrophysical analysis of the well log and core data, which served as input and reference points for NSAI's independent mapping and petrophysical analysis. NewMed also supplied well test data, production data, and fluid sample and pressure data. A summary of the data provided by well is shown on Figure 3.

4.1 GEOLOGY AND GROSS ROCK VOLUME

In Leviathan Field, the reservoirs are composed of four independent sand packages. These sands are regionally extensive, amalgamated turbidites that range in age from late Oligocene to early Miocene. The D Sand is the oldest in the sequence, with the C, B, and A Sands being successively younger. The A, B, and C Sands, which are the primary gas-bearing intervals in the Tamar Sands package, are shown on an interpreted well log on Figure 4. The sands are generally conformable to one another and are separated by shales that are also regionally extensive. Overlying the A Sand is a thick middle Miocene silt and shale interval that serves as the top seal for the field.

There is a general increase in gross sand thickness and sand quality in each of the sands trending from the north to the south portions of the field. The C Sand is significantly thicker than both the A and B Sands. The D Sand exhibits a well-developed upper lobe in the central portion of the field, but the overall quality diminishes somewhat in the northeast and southwest directions. The D Sand is only found to contain gas within a small closure at the structurally highest point of the field. It has been encountered wet in the other penetrated portions of the field.

The Leviathan structure has been characterized from a Kirchhoff prestack depth-migrated 3-D seismic data set that provides a good image of the field along with calibration to available well control data. Additionally, a seismic inversion volume has been generated from that data set in an effort to further enhance the imaging of the top of the reservoir along with the internal zonation. The Leviathan structural trap is a large, flat, four-way closure that is approximately 25 by 18 km. Faulting within the field consists primarily of normal faults that trend in a northwest-to-southeast direction. Offset along the faults is variable and, in many cases, there is juxtaposition of sand along portions of the faults that allow for some level of fluid transmissibility.

Log data and direct hydrocarbon indicators from seismic data provide confidence that the preproduction GWC is consistent across the main portion of Leviathan Field and is common to the A, B, and C Sands.

Structural mapping was performed through integration of well data and seismic interpretation. The low case structure was generated by mapping the shale interval that overlies the reservoir sands. This shale produces a generally consistent reflection on the seismic data. This reflector was used to map the shape of the structure, which was then depth-corrected to tie to the well control. The seismic amplitude termination along the flanks of the structure was also used as depth control because it is interpreted to be consistent with the depth of the GWC. Formation tops interpreted from well log data were instrumental in generating the tops and bases of the reservoir zones where seismic reflectivity is limited. For the best case and high case, the seismic inversion volume was used to map the top and base of the reservoir. Those maps were then corrected to the well control and amplitude termination in a similar manner to the low case. The interpretations from the different seismic volumes, along with a small range in the field GWC, produced the range in gross rock volume (GRV) used in the low, best, and high case volumetrics. A best case depth structure for the top of the A Sand is shown on Figure 5.

4.2 PETROPHYSICS

A major uncertainty influencing the estimation of water saturation (S_w) from well log measurements in clastic sand-shale sequences is the geometry of the shale inclusions. A three-component porosity (ϕ) and S_w model that was used independently accounts for the conductivity associated with structural and laminar shale inclusions in the hydrocarbon-bearing sands as well as the conductivity associated with the pore-lining, diagenetic clays within the sands. Shale volume (V_{sh}) was estimated based on the gamma ray, neutron porosity, bulk density, and nuclear magnetic resonance well log data. Estimates of ϕ were generated from the shale-corrected bulk density and neutron porosity measurements. Well log-derived ϕ estimates were calibrated with available core ϕ measurements.

Three shale distribution cases were evaluated. For the low case, all of the shale was assumed to be distributed as structural clasts within the sandstone intervals. For the high case, all of the shale was assumed to be distributed as continuous laminations within the sandstone intervals. For the best case, it was assumed that 50 percent of the shale was distributed structurally and the remaining shale was distributed as laminations. The properties of the diagenetic clays used in the model as well as the cementation exponent and the saturation exponent were based on core data. Formation water resistivity values were selected using Pickett Plot and apparent water resistivity analysis techniques. V_{sh} and shale distribution corrections were applied to the deep resistivity measurements and then Schlumberger's Dual-Water equations were used to compute the S_w for each case. Parameter assumptions include cementation exponent values ranging from 1.7 to 1.8, saturation exponent values ranging from 1.5 to 1.8, and a formation water resistivity of 0.3 ohm-meters at a temperature of 75°F.

Correlations of core air permeability (K_{air}) to core ϕ and to log-derived V_{sh} were found using the available routine core data. An average K_{air} was estimated based on these correlations using the log-derived ϕ and V_{sh} . Curve fits were made for each of the available laboratory capillary pressure (P_c) curves using a three-parameter model developed by Thomeer (1960). The three parameters for the model are a pore geometrical factor (G), displacement pressure (P_d), and bulk volume at infinite pressure (V_{bPinf}). Following the curve fits, each of the three parameters was plotted as a function of core plug ϕ , K_{air} , and the square root of the ratio of K_{air} to ϕ in order to define possible correlations. The G and the P_d were found to correlate with the square root of the ratio of K_{air} to ϕ . The V_{bPinf} was found to correlate with ϕ . The three-component P_c model developed by Thomeer was used to make resistivity-independent S_w estimates for each well. The fact that the V_{bPinf} correlates with total ϕ simplifies the calculation for S_w to the following:

$$S_w = 1 - e^{\frac{-G}{\log \frac{P_c}{P_d}}}$$

Standard procedures were used to convert the reservoir P_c values to equivalent laboratory gas-water conditions. The necessary fluid densities were estimated and S_w estimates were made for each log depth based on the P_c calculated from the height above the GWC, the log-derived ϕ , calculated K_{air} , and the Thomeer model that had been matched to the laboratory P_c data. Because the results of the P_c modeling falls within the range of the low-, best-, and high-side cases, this model was not directly used in the reserves and contingent resources calculations.

The net pay cutoff parameters were determined to be ϕ greater than or equal to 15 percent, S_w less than or equal to 65 percent, and V_{sh} less than or equal to 40 percent.

4.3 ORIGINAL GAS-IN-PLACE AND RECOVERY

The gas column in Leviathan Field is at a depth between 4,700 and 5,000 m TVDSS. Multiple pressure, temperature, and mobility measurements were taken for the various well penetrations in the field in both the gas column and water leg. These measurements indicate initial reservoir pressures in the gas column between 8,450 and 8,550 psi and temperatures between 185°F and 190°F. Gas samples from Leviathan Field indicate a dry gas with slightly less than 99 mole percent methane. The initial gas formation volume factor for the reservoir is estimated at 374 standard cubic feet per reservoir cubic foot, and we have assumed a condensate yield of 2.2 barrels per million cubic feet of gas based on historical production data.

For our deterministic estimates of reserves, we selected representative low, best, and high parameters for GRV, net-to-gross ratio, ϕ , and S_w . The volumetric input parameters used in our analysis are shown on Figure 6.

To determine the range of recovery factors after full depletion, we varied the original gas-in-place (OGIP), residual gas saturation, fault transmissibility, and aquifer size and strength in the dynamic simulation models. Based on these models, we estimated gas recovery factors that ranged from 60 to 70 percent for a full development scenario. From this range, we selected representative low, mid, and high simulation models. For the reserves, these models were used to project the production associated with the four producing wells and the Leviathan 8ST1 well under plateau sales constraints provided by NewMed, as discussed in Section 5.0. For the Phase 1 – First Stage contingent resources, these models were used to project production under sales constraints provided by NewMed, but with the addition of new drillwells and flowlines, as discussed in Section 6.0.

5.0 RESERVES

Reserves are those quantities of petroleum anticipated to be commercially recoverable from known accumulations by application of development projects from a given date forward under defined conditions. Reserves must be discovered, recoverable, commercial, and remaining as of the evaluation date based on the planned development projects to be applied. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves.

Reserves have only been included for the expected production from the four producing wells and the Leviathan 8ST1 well through existing infrastructure. The rates associated with these reserves are

constrained by existing gas purchase and sales agreements in place or under negotiation for the field as well as the license term for the field leases and the existing facility production capacity limitations. We used reservoir simulation models that were tied to our low, best, and high deterministic estimates of OGIP to estimate the proved (1P), proved plus probable (2P), and proved plus probable plus possible (3P) reserves under the initial approved development plan and with the rate constraints imposed by the commercial considerations. Gas sales rates vary by reserves category; plateau rates ranging from approximately 950 million cubic feet of gas per day (MMCFD) to approximately 1,150 MMCFD are maintained for at least five years and then slowly decline for the remainder of the license term. In all reserves categories, the field is forecast to maintain rates greater than 500 MMCFD at the time of the license term's expiration in February 2064.

5.1 ECONOMIC ANALYSIS AND PARAMETERS

Our forecasted production for the reserves was input into economic models that capture the contractual terms of the fiscal regime. Key economic assumptions are described below. Monetary values shown in this report are expressed in United States dollars (\$) or millions of United States dollars (MM\$).

5.1.1 Base Case Gas and Condensate Prices

This report has been prepared using Base Price Case gas and condensate price parameters specified by NewMed. Gas prices are based on NewMed's estimates of expected approved and future sales contracts. These contract prices are derived from various formulae that include indexation mainly to the Power Generation Tariffs published by The Electricity Authority or to an average of long-term forecasts for Brent Crude prices provided by various institutions. Condensate prices are based on Brent Crude prices.

5.1.2 Operating Costs

Operating costs used in this report are based on operating expense records of NewMed. Operating costs include direct project-level costs, insurance costs, workover costs, and NewMed's estimate of the portion of the operator's headquarters general and administrative overhead expenses that can be directly attributed to this project. Based on our understanding of future development plans, a review of the records provided to us, and our knowledge of similar properties, we regard these estimated operating costs to be reasonable. Operating costs have been divided into field-level costs and per-unit-of-production costs and are not escalated for inflation. NewMed's historical production and operating expense data for Leviathan Field is shown on Figure 7.

5.1.3 Capital and Abandonment Costs

Capital costs used in this report were provided by NewMed and are based on authorizations for expenditure and actual costs from recent activity. Capital costs are included as required for gas and condensate export facility upgrades, a new well completion, and production equipment. Based on our understanding of future development plans, a review of the records provided to us, and our knowledge of similar properties, we regard these estimated capital costs to be reasonable. Abandonment costs used in this report are NewMed's estimates of the costs to abandon the wells, platform, and production facilities, net of any salvage value. Capital costs and abandonment costs are not escalated for inflation.

5.1.4 Future Net Revenue

Gross reserves were input into economic models that capture the contractual terms of the fiscal regime and the economic parameters discussed above. These models were used to calculate the estimated future revenue and discounted future net revenue. Working interest revenue for the reserves shown in this report is NewMed's share of the gross (100 percent) revenue from the properties prior to any deductions. Future net revenue is after deductions for NewMed's share of royalties, capital costs, abandonment costs, operating expenses, and NewMed's estimates of its oil and gas profits levy and corporate income taxes.

5.2 SENSITIVITY ANALYSIS

In accordance with FCA recommendations, Low and High Case price sensitivities were prepared. Summary projections of revenue, costs, and taxes by reserves category for the Low and High Price Cases are presented on Figures 8 through 13. Gas and condensate prices for the Low and High Cases are 15 percent lower or higher than the Base Case prices, respectively.

6.0 CONTINGENT RESOURCES

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. The resources shown in this report are contingent upon finalization of additional gas contracts, sanctioning of additional Phase I – First Stage drilling and an additional gathering line, and project sanctioning for additional future development. As requested, this report does not include economic analysis on these resources. However, based on the data available, existing infrastructure, and knowledge of current prices and costs for the area, it is likely that the properties would be economic to produce once all contingencies have been successfully addressed. If these contingencies are successfully addressed, some portion of the contingent resources estimated in this report may be reclassified as reserves; our estimates have not been risked to account for the possibility that the contingencies are not successfully addressed. The project maturity subclass for these contingent resources is development pending.

The contingent resources shown in this report have been estimated using deterministic methods. Once all contingencies have been successfully addressed, the approximate probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is generally inferred to be 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. The estimates of contingent resources included herein have not been adjusted for development risk.

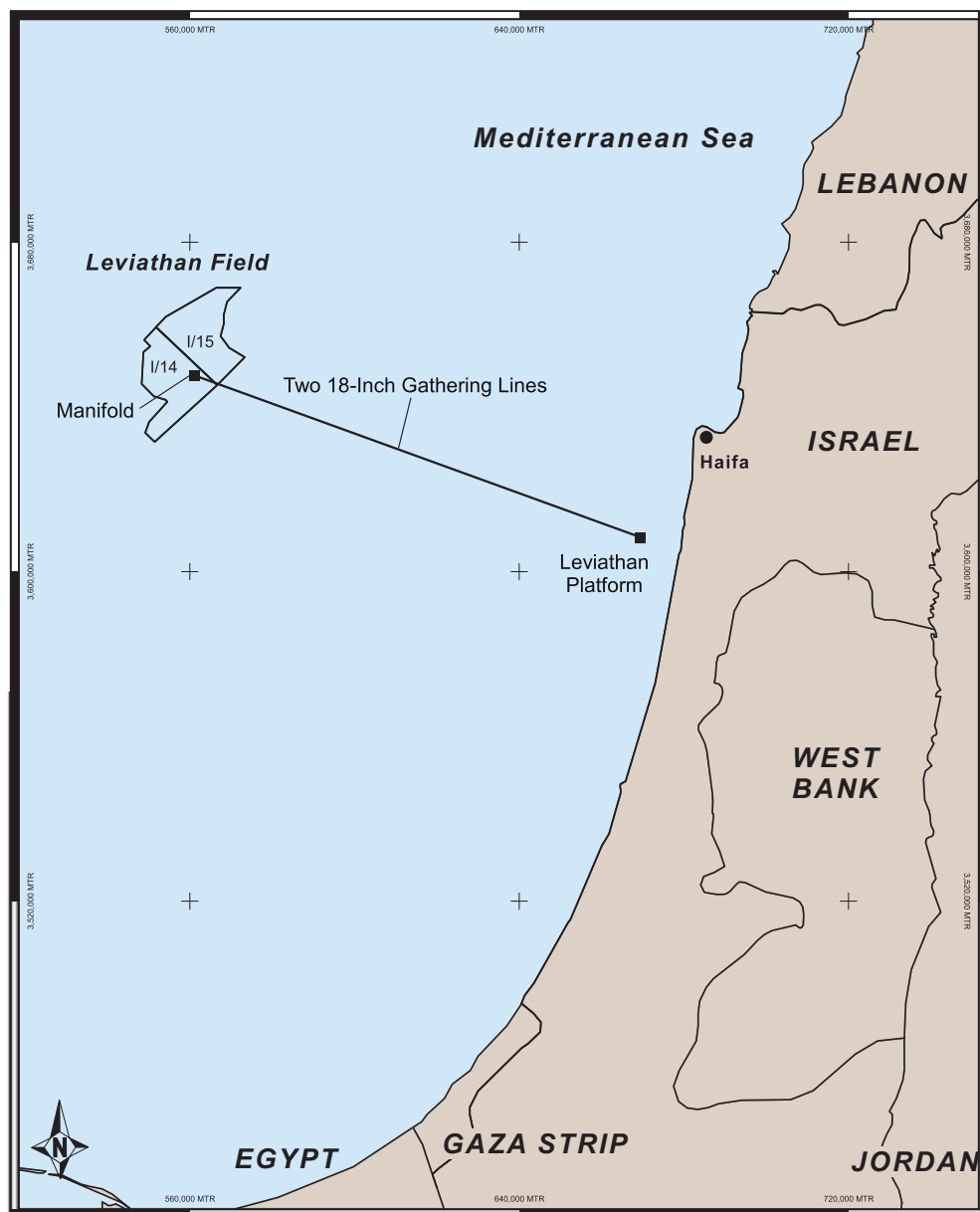
The contingent resources for Leviathan Field are divided between those associated with Phase 1 – First Stage and a conceptual full-life development. The first stage of development includes the continued use of the domestic supply module facilities and the existing flowlines; the installed facilities have a total gas capacity of approximately 1,200 million cubic feet of gas per day. Our estimates of the Phase 1 – First Stage contingent resources consider additional volumes attributable to gas contracts under negotiation and increase to fill the first-stage facilities by 2028. These contingent resources estimates could require up to 12 additional drillwells and an additional gathering line. The remainder of the contingent resources may be developed through additional expansion of the facilities and additional wells. This might include the addition of another gathering line to reduce backpressure at the wells or additional facilities beyond the current domestic supply module to increase sales rates beyond the current maximum capacity. Our estimates of contingent resources are summarized on Figure 14.

7.0 RECONCILIATIONS WITH PREVIOUS NSAI ESTIMATES

NSAI previously prepared a report for these properties dated February 20, 2022, with an effective date of December 31, 2021. In accordance with FCA recommendations, we have prepared the discussion below to serve as the reconciliation between our current estimates and our historical estimates as of December 31, 2021.

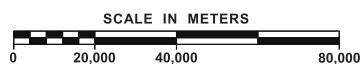
Since our report dated February 20, 2022, our economic modeling has been updated to reflect recent gas and condensate prices, operating cost estimates, and capital costs corresponding to the current development plan; our production profiles have been updated to reflect the most recent historical production data; and we have incorporated log and formation test data from the Leviathan 8 well and its sidetrack into our interpretation. With the exception of these changes, our estimates remain unchanged when compared to our report dated February 20, 2022.

FIGURES



Leviathan Field
Leases I/14 and I/15, Offshore Israel

Location Map



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 1

Stratigraphic Column
Levant Basin
Offshore Israel

Chronostratigraphy				Lithostratigraphy (Basin)		Lithostratigraphy (Shelf)								
Cenozoic	Neogene	Pliocene		Saqiyeh Group	Yafo Formation Mavqi'im Formation		Amora Formation Sedom Formation							
		Miocene	Messinian		Ziqim Formation	Hazeva, Hordos Groups								
			Tortonian											
			Serravallian											
	Langhian													
	Burdigalian													
	Aquitanian													
	Oligocene	Chattian	Bet Guvrin Formation		Lakhish Formation Ashdod Clastics									
		Rupelian												
		Eocene					Priabonian	Avedat Group						
				Bartonian										
	Lutetian													
	Ypresian													
	Paleocene	Thanetian	Hashefela Group		Taqiye Formation Ghareb Formation Mishash Formation Menuha Formation									
		Selandian												
		Danian												
Maastrichtian														
Mesozoic	Cretaceous	Upper					Campanian	Talme Yafe Group	Dalya, Bina Formations Negba Formation Yagur Formation Yakhini Formation Yavne Shale		Mount Scopus Group			
							Santonian							
							Coniacian							
							Cenomanian-Turonian							
							Lower				Albian	Telamim Formation Helez Formation		Judea Group
											Aptian			
		Barremian	Gevar'am Group											
		Hauterivian												
		Valanginian												
		Berriasian			Yan Formation		Arad Group							
	Jurassic	Upper	Tithonian	Delta Formation										
			Oxfordian-Kimmeridgian											
		Middle	Bathonian-Callovian						Barnea, Shederot, Daya Formations Rosh Pina Formation					
			Aalenian-Bajocian											
		Lower	Toarcian			Qeren Formation Lower Inmar Formation Ardon Formation Mishhor Formation								
			Pliensbachian											
Hettangian-Sinemurian														
Rhaetian	Mohila Formation													
Triassic			Upper	Norian	Ramon Group									
				Carnian										
			Middle	Ladinian										
				Anisian										
Lower			Scythian	Saharonim Formation Gevanim Formation Ra'af Formation Zafir Formation Yamin Formation										
Paleozoic		Permian	Arqov Formation Saad Formation											
Precambrian						Zenifm Group Crystalline Basement								

Adapted from a figure in "Sequence-Stratigraphic Analysis of the Mesozoic in Southwestern Israel", AAPG Bulletin, v. 95, No. 10 (October 2011), p. 1767.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 2

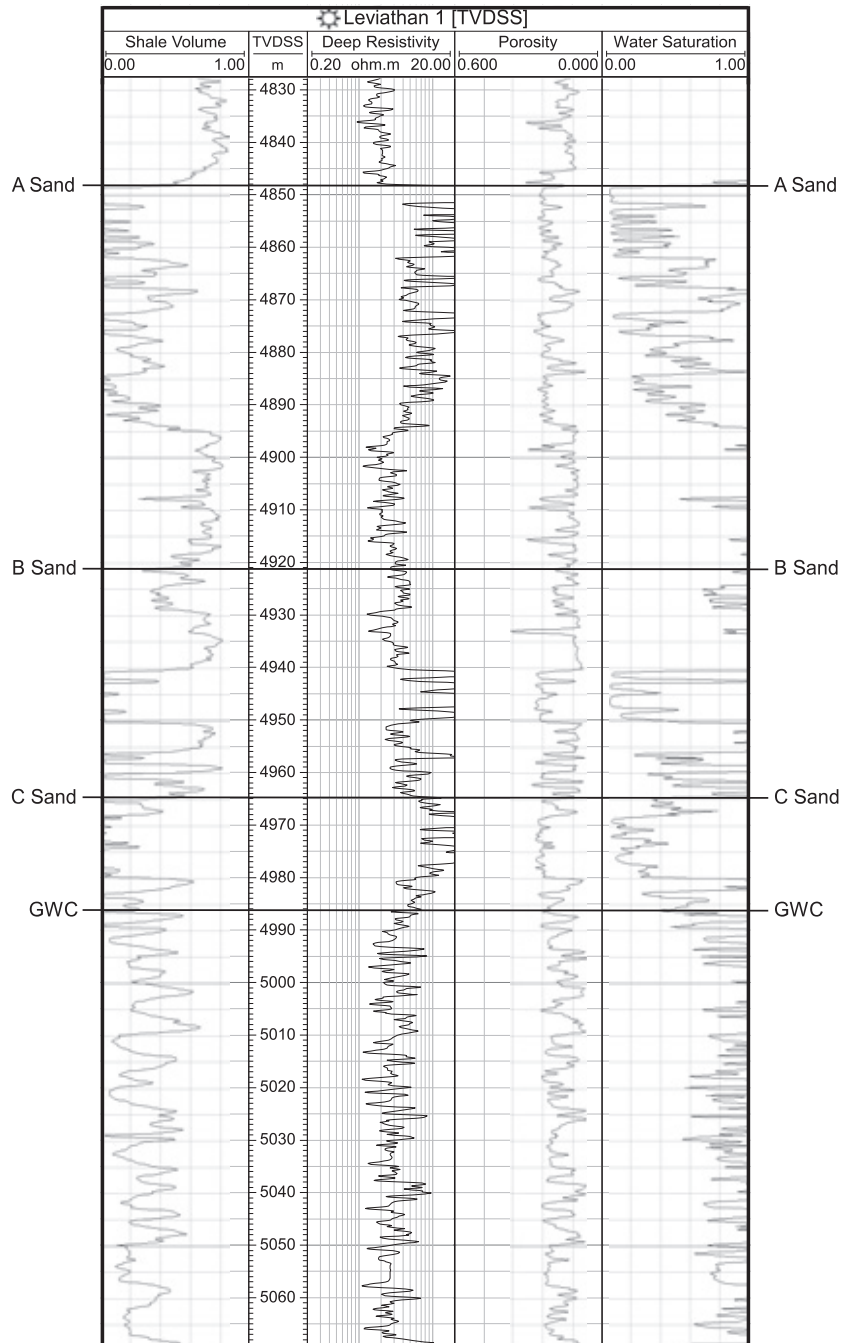
INVENTORY OF AVAILABLE WELL DATA
LEVIATHAN FIELD, LEASES I/14 AND I/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Well	Year(s) Drilled	Current Status	Log Data	Formation Test Data	Gas and Water Samples	Core Data	Daily Production/ Gauge Pressure
Leviathan 1	2010	Abandoned	x	x	x	x	
Leviathan 3ST1	2011	Sidetracked	x	x	x	x	
Leviathan 3ST2	2017	Producing from A Sand					x
Leviathan 4	2012	Sidetracked	x	x	x		
Leviathan 4ST1	2013	Producing from C Sand					x
Leviathan 5	2017	Sidetracked	x	x		x	
Leviathan 5ST1	2017	Producing from A Sand					x
Leviathan 7	2017-2018	Sidetracked	x	x		x	
Leviathan 7ST1	2018	Producing from A Sand					x
Leviathan 8	2022	Sidetracked	x	x			
Leviathan 8ST1	2022	Drilled	x				

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

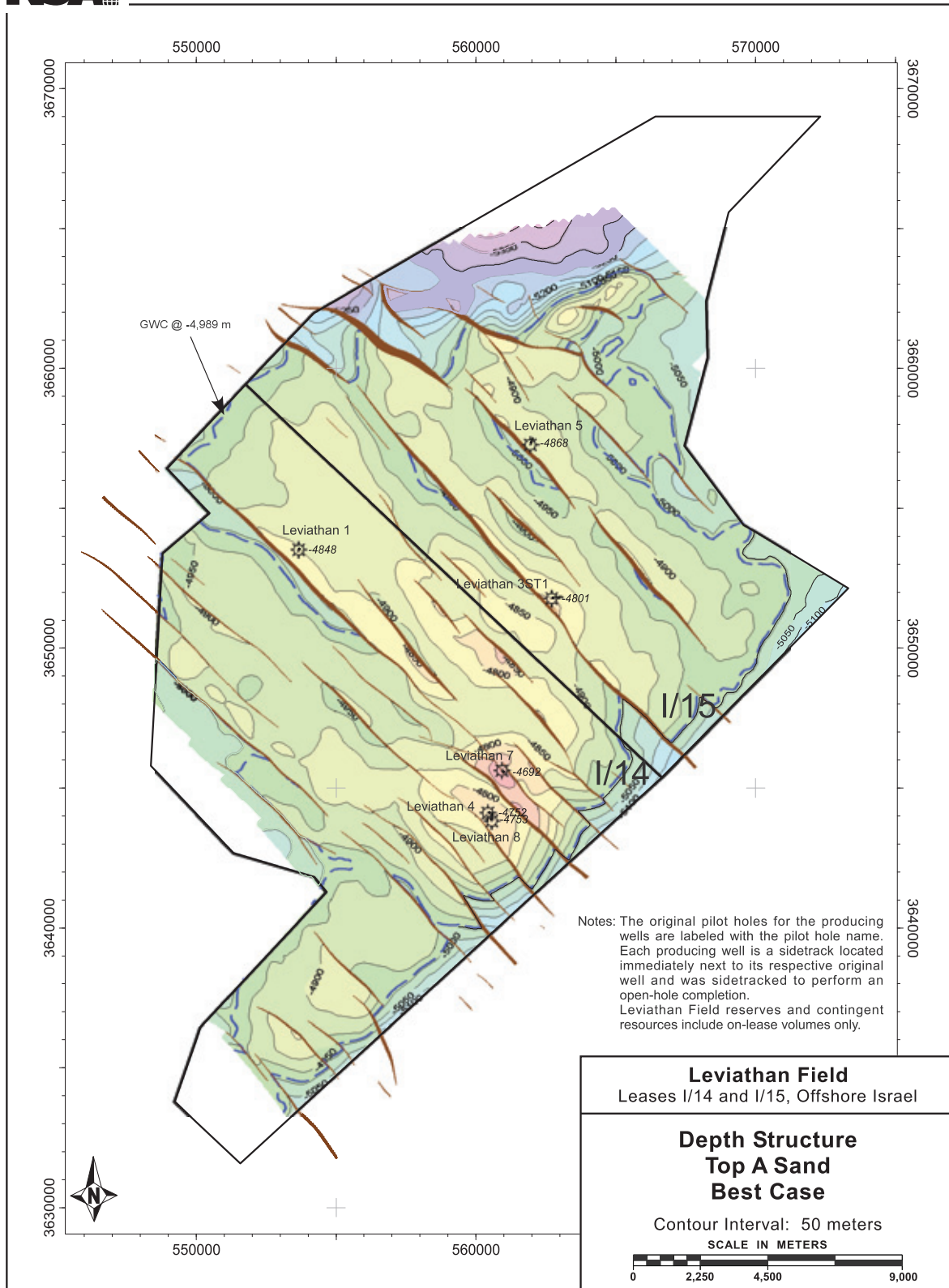
Figure 3

Interpreted Well Log
A, B, and C Sands - Leviathan 1 Well
Leviathan Field
Lease I/14, Offshore Israel



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 4



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 5

VOLUMETRIC INPUT SUMMARY
LEVIATHAN FIELD, LEASES I/14 AND I/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Reservoir	Gross Rock Volume (acre-feet)			Area (acres)			Average Gross Thickness ⁽¹⁾⁽²⁾ (feet)			Net-to-Gross Ratio (decimal)		
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
A Sand	10,739,300	11,378,816	11,448,680	82,537	83,800	84,167	130	136	136	0.71	0.81	0.87
B Sand	4,656,174	5,192,194	5,268,631	41,177	48,371	49,071	113	107	107	0.30	0.34	0.39
C Sand	1,915,488	2,315,922	2,451,782	19,413	24,373	25,789	99	95	95	0.66	0.73	0.74

Reservoir	Porosity ⁽³⁾ (decimal)			Gas Saturation (decimal)			Gas Formation Volume Factor (SCF/RCF)			Gas Recovery Factor (decimal)		
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
A Sand	0.23	0.23	0.23	0.73	0.75	0.79	374	374	374	0.60	0.65	0.70
B Sand	0.24	0.23	0.22	0.69	0.70	0.72	374	374	374	0.60	0.65	0.70
C Sand	0.23	0.22	0.22	0.74	0.76	0.81	374	374	374	0.60	0.65	0.70

⁽¹⁾ Average gross thickness is calculated by dividing the gross rock volume by the area.

⁽²⁾ The structural character of the B and C Sands results in a lower average gross thickness in the best and high estimate cases relative to the low estimate case.

⁽³⁾ The increasing net-to-gross ratio between cases includes lower porosity rock which results in a lower porosity in the best and high estimate cases relative to the low estimate case.

Figure 6

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

HISTORICAL PRODUCTION AND OPERATING EXPENSE DATA
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVIATHAN FIELD, LEASES 1/14 AND 1/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Year	NewMed Working Interest Production (BCF)	Average Per Production Unit (\$/MCF)			Reserves Depletion Rate ⁽¹⁾ (%)
		Price Received	Royalties Paid	Production Costs	
2021	171.5	5.14	0.75	0.68	2.8
2020	116.2	5.06	0.74	0.76	1.9
				Net Revenue	
				3.71	
				3.56	

Note: Values in this table have been provided by NewMed; these values are based on historical data since January 2020.

⁽¹⁾ The reserves depletion rate is the percentage of yearly gas produced to the estimated proved plus probable reserves at the beginning of that year.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 7

REVENUE, COSTS, AND TAXES – LOW PRICE CASE
PROVED (1P) RESERVES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVIATHAN FIELD, LEASES I/14 AND I/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Period Ending	Working Interest Revenue (MMS)	Royalties			Total (MMS)	Net Capital Costs (MMS)	Net Abandonment Costs (MMS)	Net Operating Expenses (MMS)	Levy ⁽¹⁾ (MMS)	Corporate Income Taxes ⁽²⁾ (MMS)	Future Net Revenue After Levy and Corporate Income Taxes	
		State (MMS)	Interested Party (MMS)	Third Party (MMS)							Total (MMS)	Discounted at 10% (MMS)
12-31-2022	225.2	24.3	3.9	7.9	36.1	20.8	0.0	38.1	0.0	134.4	-4.3	-4.2
12-31-2023	875.3	100.7	12.1	24.2	136.9	50.9	0.0	130.1	0.0	88.7	468.7	436.3
12-31-2024	891.0	102.5	12.3	24.6	139.4	0.0	0.0	121.5	0.0	91.8	538.4	455.7
12-31-2025	889.4	102.3	12.3	24.5	139.1	0.0	0.0	119.8	0.0	91.9	538.6	414.4
12-31-2026	870.8	100.1	49.3	24.0	173.5	0.0	0.0	119.3	0.0	79.8	488.3	348.5
12-31-2027	871.1	100.2	52.1	24.0	176.3	0.0	0.0	121.8	40.4	69.4	463.2	294.6
12-31-2028	888.0	102.1	53.1	24.5	179.7	0.0	0.0	123.1	150.5	46.9	387.8	224.2
12-31-2029	896.7	103.1	53.6	24.7	184.3	0.0	0.0	143.6	180.4	37.8	353.3	185.7
12-31-2030	910.5	104.7	54.4	25.1	184.3	0.0	0.0	123.1	220.8	77.2	305.2	145.8
12-31-2031	934.1	107.4	55.9	25.1	189.1	0.0	0.0	123.2	257.3	74.5	290.0	125.9
12-31-2032	935.7	107.6	56.0	25.8	189.4	0.0	0.0	123.2	284.2	69.6	269.3	106.3
12-31-2033	935.7	107.6	56.0	25.8	189.4	0.0	0.0	123.2	291.6	68.9	261.6	93.9
12-31-2034	935.7	107.6	56.0	25.8	189.4	0.0	0.0	123.2	282.0	68.9	251.7	92.1
12-31-2035	886.0	103.3	53.7	24.8	181.7	0.0	0.0	100.3	286.2	75.3	252.3	74.9
12-31-2036	884.5	101.7	52.9	24.4	179.0	0.0	0.0	100.2	283.3	75.3	252.3	68.0
12-31-2037	864.5	98.7	51.3	23.7	173.8	0.0	0.0	100.1	273.7	71.6	239.5	53.4
12-31-2038	858.6	96.0	49.9	23.0	168.9	0.0	0.0	120.5	255.1	66.7	223.3	45.2
12-31-2039	834.5	93.5	48.6	22.4	164.5	0.0	0.0	99.8	256.7	67.1	224.6	41.4
12-31-2040	812.7	91.2	47.4	21.9	160.4	0.0	0.0	99.7	249.2	65.2	218.1	36.5
12-31-2041	792.6	88.8	46.2	21.3	156.2	0.0	0.0	99.6	241.6	63.2	211.4	32.2
12-31-2042	772.0	86.7	45.1	20.8	152.5	0.0	0.0	99.4	234.8	61.4	205.5	28.4
12-31-2043	753.6	82.6	43.0	19.8	145.4	0.0	0.0	99.4	212.1	55.5	185.7	23.4
12-31-2044	718.5	80.8	42.0	19.4	142.2	0.0	0.0	99.1	215.9	56.5	189.0	21.6
12-31-2045	702.7	78.9	41.1	18.9	138.9	0.0	0.0	99.0	209.9	54.9	183.7	19.1
12-31-2046	686.5	77.2	40.2	18.5	135.9	0.0	0.0	99.0	204.3	53.4	178.9	16.9
12-31-2047	671.5	75.5	39.2	18.1	132.8	0.0	0.0	98.9	198.7	51.9	173.9	14.9
12-31-2048	656.2	73.9	38.4	17.7	130.1	0.0	0.0	98.7	188.7	48.1	161.1	12.6
12-31-2049	642.9	72.4	37.6	17.4	127.4	0.0	0.0	98.7	188.7	49.3	165.2	11.7
12-31-2050	629.3	70.9	36.9	17.0	124.9	0.0	0.0	98.6	184.1	48.1	161.1	10.4
12-31-2051	616.9	69.5	36.1	16.7	122.3	0.0	0.0	98.6	179.4	46.9	157.0	9.2
12-31-2052	604.2	68.0	35.4	16.3	119.7	0.0	0.0	98.5	174.7	45.7	152.9	8.2
12-31-2053	591.5	66.8	34.7	16.0	117.5	0.0	0.0	98.5	161.1	42.1	141.0	6.8
12-31-2054	580.8	65.5	34.1	15.7	115.3	0.0	0.0	98.4	166.7	43.6	145.9	6.4
12-31-2055	569.9	64.3	33.4	15.4	113.2	0.0	0.0	98.3	162.7	42.5	142.4	5.7
12-31-2056	559.1	62.9	32.7	15.1	110.8	0.0	0.0	98.2	158.3	41.4	138.6	5.1
12-31-2057	547.3	61.9	32.2	14.9	108.9	0.0	0.0	98.2	155.0	40.5	135.6	4.5
12-31-2058	538.2	60.6	31.5	14.6	106.7	0.0	0.0	98.2	150.0	39.9	132.7	3.7
12-31-2059	527.3	59.5	30.9	14.3	104.7	0.0	0.0	98.0	147.2	38.5	128.9	3.5
12-31-2060	517.3	58.3	30.3	14.0	102.7	0.0	0.0	98.0	143.5	37.5	125.6	3.1
12-31-2061	507.3	57.3	29.8	13.7	100.8	0.0	0.0	97.9	140.1	36.6	123.7	2.9
12-31-2062	488.1	56.2	29.2	13.5	99.0	0.0	0.0	97.9	136.7	35.7	123.7	2.5
12-31-2063	469.0	55.0	28.4	13.2	97.6	0.0	0.0	97.9	133.7	34.8	123.7	2.1
12-31-2064	57.7	6.6	3.4	1.6	11.7	0.0	95.7	16.4	0.0	2.7	-88.6	-1.3
Total	30,475.8	3,503.2	1,688.0	842.8	6,034.0	71.7	95.7	4,542.2	7,542.5	2,521.0	9,668.8	3,541.2

Totals may not add because of rounding.

(1) Oil and gas profits levy estimates are provided by NewMed.
(2) Corporate income tax estimates are provided by NewMed and are its expected corporate income taxes per year.

Figure 8

All estimates and exhibits herein are part of this NSA report and are subject to its parameters and conditions.

REVENUE, COSTS, AND TAXES – LOW PRICE CASE
PROVED + PROBABLE (2P) RESERVES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVIATHAN FIELD, LEASES 1/4 AND 1/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Period Ending	Working Interest Revenue (MM\$)	Royalties			Total (MM\$)	Net Capital Costs (MM\$)	Net Abandonment Costs (MM\$)	Net Operating Expenses (MM\$)	Levy ⁽¹⁾ (MM\$)	Corporate Income Taxes ⁽²⁾ (MM\$)	Future Net Revenue After Levy and Corporate Income Taxes	
		State (MM\$)	Interested Party (MM\$)	Third Party (MM\$)							Total (MM\$)	Discounted at 10% (MM\$)
12-31-2022	239.8	25.9	4.1	8.3	38.3	20.8	0.0	53.9	0.0	133.6	-6.8	-6.8
12-31-2023	970.3	111.6	13.4	26.8	151.7	50.9	0.0	140.2	0.0	104.8	522.6	486.5
12-31-2024	1,019.2	117.2	14.1	28.1	159.4	0.0	0.0	134.2	0.0	113.7	611.8	517.8
12-31-2025	1,031.6	118.6	32.2	28.5	179.3	0.0	0.0	132.5	0.0	112.4	607.4	467.4
12-31-2026	1,026.3	118.0	61.4	28.3	207.7	0.0	0.0	132.4	0.0	104.7	581.5	406.8
12-31-2027	1,026.6	118.1	61.4	28.3	207.8	0.0	0.0	134.9	165.5	66.1	452.3	287.6
12-31-2028	1,044.7	120.1	62.5	28.8	211.5	0.0	0.0	136.3	220.8	56.4	419.8	242.7
12-31-2029	1,042.9	119.9	62.4	28.8	211.1	0.0	0.0	136.0	254.0	44.7	376.4	197.8
12-31-2030	1,031.1	118.6	61.7	28.5	208.7	0.0	0.0	136.0	294.3	79.4	312.6	149.4
12-31-2031	1,028.1	118.2	61.7	28.4	208.1	0.0	0.0	130.1	321.4	75.5	293.1	127.3
12-31-2032	1,003.9	115.5	60.0	27.7	203.2	0.0	0.0	130.1	313.9	73.7	283.1	111.8
12-31-2033	980.6	112.8	58.6	27.1	198.5	0.0	0.0	129.8	305.3	73.5	273.6	98.2
12-31-2034	961.8	110.6	57.5	26.5	194.6	0.0	0.0	150.3	288.6	70.6	257.5	84.0
12-31-2035	902.3	103.8	54.0	24.9	182.6	0.0	0.0	102.7	288.7	75.5	262.7	75.0
12-31-2036	883.5	101.6	52.8	24.4	178.8	0.0	0.0	102.6	281.8	72.6	246.6	66.5
12-31-2037	865.6	99.5	51.8	23.9	175.2	0.0	0.0	102.5	275.1	71.9	230.8	59.0
12-31-2038	850.1	97.6	50.8	23.5	172.1	0.0	0.0	102.4	269.4	70.4	216.6	52.6
12-31-2039	832.4	95.7	49.8	23.0	168.5	0.0	0.0	122.9	258.1	66.2	221.6	44.9
12-31-2040	819.5	94.2	49.0	22.6	165.9	0.0	0.0	102.2	258.1	67.5	225.9	41.6
12-31-2041	806.7	92.8	48.2	22.3	163.3	0.0	0.0	102.1	253.3	66.2	221.7	37.1
12-31-2042	793.2	91.2	47.4	21.9	160.5	0.0	0.0	102.1	248.3	64.9	213.0	33.1
12-31-2043	779.7	89.7	46.6	21.5	157.8	0.0	0.0	102.0	243.3	63.6	209.1	29.5
12-31-2044	763.1	87.8	45.6	21.1	154.4	0.0	0.0	122.5	227.5	59.5	199.1	25.1
12-31-2045	751.4	86.4	44.9	20.7	152.1	0.0	0.0	101.8	232.8	60.9	203.8	23.3
12-31-2046	740.6	85.2	44.3	20.4	149.9	0.0	0.0	101.7	225.0	59.8	200.3	20.8
12-31-2047	730.2	84.0	43.7	20.2	147.8	0.0	0.0	101.7	221.4	57.9	196.9	18.6
12-31-2048	720.6	82.9	43.1	19.9	145.9	0.0	0.0	101.7	218.2	56.8	193.8	16.7
12-31-2049	711.1	81.8	42.5	19.6	143.9	0.0	0.0	101.5	214.2	54.4	189.3	14.2
12-31-2050	701.1	80.6	41.9	19.4	141.9	0.0	0.0	101.5	210.5	53.0	185.5	11.9
12-31-2051	691.1	79.5	41.3	19.1	139.9	0.0	0.0	101.4	206.9	51.1	181.1	9.5
12-31-2052	681.5	78.4	40.8	18.8	137.9	0.0	0.0	101.4	203.2	50.3	177.9	8.1
12-31-2053	671.5	77.2	40.2	18.5	135.9	0.0	0.0	101.2	196.3	49.6	171.8	7.6
12-31-2054	661.5	76.1	39.6	18.3	133.9	0.0	0.0	101.2	189.9	48.5	166.2	6.8
12-31-2055	652.7	75.1	39.0	18.0	132.1	0.0	0.0	101.1	185.6	47.4	162.4	6.0
12-31-2056	642.7	73.9	38.4	17.7	130.1	0.0	0.0	101.1	181.1	46.1	157.9	5.4
12-31-2057	632.7	72.8	37.8	17.5	128.1	0.0	0.0	101.1	176.3	44.9	153.9	4.3
12-31-2058	623.9	71.7	37.3	17.2	126.3	0.0	0.0	101.1	171.8	43.7	149.4	3.8
12-31-2059	614.7	70.7	36.8	17.0	124.4	0.0	0.0	100.9	167.2	42.5	145.0	3.1
12-31-2060	606.7	69.8	36.3	16.7	122.8	0.0	0.0	100.8	162.5	41.3	140.6	2.5
12-31-2061	597.6	68.7	35.7	16.5	121.0	0.0	0.0	100.7	157.8	40.2	136.2	1.9
12-31-2062	588.5	67.7	35.2	16.2	119.1	0.0	0.0	100.6	153.1	39.1	131.8	1.3
12-31-2063	581.3	66.9	34.8	16.0	117.7	0.0	0.0	100.5	148.4	38.0	127.4	0.7
12-31-2064	574.1	66.1	34.4	15.8	116.3	0.0	0.0	100.4	143.7	36.9	123.0	0.1
Total	33,374.0	3,836.3	1,864.6	922.8	6,623.7	71.7	95.7	4,765.4	8,536.4	2,771.9	10,509.1	3,825.7

Totals may not add because of rounding.

⁽¹⁾ Oil and gas profits levy estimates are provided by NewMed.

⁽²⁾ Corporate income tax estimates are provided by NewMed and are its expected corporate income taxes per year.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 9

REVENUE, COSTS, AND TAXES – LOW PRICE CASE
PROVED + PROBABLE + POSSIBLE (3P) RESERVES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVIATHAN FIELD, LEASES I/14 AND I/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Period Ending	Working Interest Revenue (MM\$)	Royalties			Total (MM\$)	Net Capital Costs (MM\$)	Net Abandonment Costs (MM\$)	Net Operating Expenses (MM\$)	Levy ⁽¹⁾ (MM\$)	Corporate Income Taxes ⁽²⁾ (MM\$)	Future Net Revenue After Levy and Corporate Income Taxes	
		State (MM\$)	Interested Party (MM\$)	Third Party (MM\$)							Total (MM\$)	Discounted at 10% (MM\$)
12-31-2022	259.3	28.0	4.4	8.8	41.2	20.8	0.0	55.7	0.0	137.0	4.5	4.4
12-31-2023	1,057.3	121.6	14.6	29.2	165.4	50.9	0.0	147.3	0.0	120.1	573.6	534.1
12-31-2024	1,058.0	121.7	14.6	29.2	165.5	50.9	0.0	139.2	0.0	120.1	633.3	536.0
12-31-2025	1,051.9	121.0	41.8	29.0	191.8	0.0	0.0	137.3	0.0	113.1	609.7	469.1
12-31-2026	1,033.7	118.9	61.8	28.5	209.2	0.0	0.0	137.5	23.7	99.4	563.8	394.4
12-31-2027	1,035.9	119.1	61.9	28.6	209.7	0.0	0.0	140.1	175.6	64.3	446.3	283.8
12-31-2028	1,052.1	121.0	62.9	29.0	213.0	0.0	0.0	141.4	229.4	54.6	413.8	239.2
12-31-2029	1,064.4	122.4	63.7	29.4	215.4	0.0	0.0	161.9	266.5	44.6	376.0	197.6
12-31-2030	1,067.4	122.7	63.8	29.5	216.0	0.0	0.0	141.3	313.3	80.5	316.2	151.1
12-31-2031	1,056.8	121.5	63.2	29.5	213.9	0.0	0.0	132.4	332.5	77.6	300.4	130.5
12-31-2032	1,031.9	118.7	61.7	28.5	208.9	0.0	0.0	127.3	325.6	76.7	283.4	115.8
12-31-2033	1,007.8	115.9	60.3	27.8	204.0	0.0	0.0	123.3	318.5	76.9	285.2	102.4
12-31-2034	989.1	113.7	59.1	27.3	200.2	0.0	0.0	145.7	301.0	73.9	268.3	87.6
12-31-2035	931.1	107.1	55.7	25.7	188.5	0.0	0.0	103.6	299.1	78.2	261.8	77.7
12-31-2036	914.1	105.1	54.7	25.2	185.0	0.0	0.0	103.5	292.7	76.5	256.3	69.1
12-31-2037	897.1	103.2	53.6	24.8	181.6	0.0	0.0	103.4	286.4	74.9	250.7	61.5
12-31-2038	881.9	101.4	52.7	24.3	178.5	0.0	0.0	103.3	280.8	73.4	245.8	54.8
12-31-2039	867.6	98.8	51.9	23.9	173.0	0.0	0.0	123.9	265.9	69.5	232.7	47.2
12-31-2040	854.8	96.3	51.1	23.6	170.0	0.0	0.0	103.2	266.1	70.8	230.0	43.7
12-31-2041	842.3	96.9	50.4	23.2	170.5	0.0	0.0	103.1	266.1	68.5	229.4	34.9
12-31-2042	831.2	95.6	49.7	22.9	168.2	0.0	0.0	103.0	257.7	67.4	225.6	31.2
12-31-2043	819.6	94.2	48.0	22.6	165.9	0.0	0.0	123.5	242.8	63.5	212.5	26.7
12-31-2044	805.2	92.6	46.2	22.0	163.0	0.0	0.0	102.8	248.8	65.0	217.7	24.9
12-31-2045	795.3	91.5	47.6	22.0	161.0	0.0	0.0	102.7	245.6	64.2	215.0	22.4
12-31-2046	786.9	90.5	47.1	21.7	159.3	0.0	0.0	102.7	240.5	62.9	210.5	20.0
12-31-2047	777.0	89.4	46.5	21.4	157.3	0.0	0.0	102.7	237.5	61.2	205.0	18.1
12-31-2048	773.1	88.9	46.2	21.3	156.5	0.0	0.0	102.6	234.2	60.4	202.3	16.6
12-31-2049	764.0	87.9	45.7	21.1	154.6	0.0	0.0	102.5	229.0	59.9	200.4	14.6
12-31-2050	755.9	86.9	45.2	20.9	153.0	0.0	0.0	102.5	226.3	59.2	198.1	11.8
12-31-2051	747.8	86.0	44.7	20.6	151.3	0.0	0.0	102.5	223.1	58.5	195.2	9.1
12-31-2052	741.9	85.3	44.4	20.3	150.2	0.0	0.0	102.5	220.0	57.8	193.6	8.5
12-31-2053	734.6	84.5	43.9	20.3	148.7	0.0	0.0	102.5	217.9	56.6	191.3	7.7
12-31-2054	727.4	83.6	43.5	20.1	147.2	0.0	0.0	102.3	215.0	56.1	189.7	6.9
12-31-2055	721.0	82.9	43.1	19.7	145.9	0.0	0.0	102.3	212.5	55.9	187.3	6.2
12-31-2056	713.8	82.1	42.7	19.6	144.5	0.0	0.0	102.3	210.3	55.0	184.1	5.0
12-31-2057	708.7	81.5	42.4	19.4	143.4	0.0	0.0	102.2	208.6	54.5	182.6	4.5
12-31-2058	703.3	80.9	42.1	19.2	142.3	0.0	0.0	102.2	207.0	50.1	185.3	3.8
12-31-2059	696.9	80.1	41.7	19.1	141.1	0.0	0.0	102.1	205.0	49.5	183.5	3.0
12-31-2060	691.5	79.5	41.4	19.0	140.0	0.0	0.0	102.1	203.1	48.8	181.6	2.4
12-31-2061	687.0	79.0	41.1	18.8	138.2	0.0	0.0	102.1	201.1	48.1	179.6	1.8
12-31-2062	682.7	78.5	40.8	18.7	137.1	0.0	0.0	102.1	200.0	47.4	177.5	1.2
12-31-2063	677.3	77.9	40.5	18.7	137.1	0.0	0.0	102.1	200.0	47.4	177.5	1.2
12-31-2064	81.8	9.4	4.9	2.3	16.6	0.0	95.7	17.6	0.0	6.9	-54.9	-1.0
Total	35,376.3	4,066.7	1,986.1	978.1	7,030.9	71.7	95.7	4,829.8	9,254.1	2,959.4	11,136.7	3,942.7

Totals may not add because of rounding.

⁽¹⁾ Oil and gas profits levy estimates are provided by NewMed.

⁽²⁾ Corporate income tax estimates are provided by NewMed and are its expected corporate income taxes per year.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 10

REVENUE, COSTS, AND TAXES – HIGH PRICE CASE
PROVED (IP) RESERVES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVATHAN FIELD, LEASES 1/14 AND 1/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Period Ending	Working Interest Revenue (MM\$)	Royalties			Total (MM\$)	Net Capital Costs (MM\$)	Net Abandonment Costs (MM\$)	Net Operating Expenses (MM\$)	Levy ⁽¹⁾ (MM\$)	Corporate Income Taxes ⁽²⁾ (MM\$)	Future Net Revenue After Levy and Corporate Income Taxes	
		State (MM\$)	Interested Party (MM\$)	Third Party (MM\$)							Total (MM\$)	Discounted at 10% (MM\$)
12-31-2022	308.6	33.4	5.1	10.2	48.6	20.8	0.0	38.4	0.0	150.7	50.1	49.5
12-31-2023	1,183.5	136.1	16.3	32.7	185.1	50.9	0.0	131.3	0.0	148.2	688.0	621.9
12-31-2024	1,204.3	138.5	20.1	33.2	191.9	0.0	0.0	122.7	0.0	151.5	738.2	624.8
12-31-2025	1,202.2	138.3	71.9	33.2	243.3	0.0	0.0	120.8	0.0	139.6	698.5	537.4
12-31-2026	1,178.5	135.5	70.5	32.5	238.5	0.0	0.0	120.4	167.2	96.9	555.5	388.5
12-31-2027	1,178.8	135.6	70.5	32.5	238.6	0.0	0.0	122.9	267.7	73.3	476.3	302.9
12-31-2028	1,200.8	138.1	71.8	33.1	243.0	0.0	0.0	124.2	334.9	61.6	437.0	252.6
12-31-2029	1,214.6	139.7	72.6	33.5	245.8	0.0	0.0	144.8	378.3	50.4	395.3	207.8
12-31-2030	1,231.9	141.7	73.7	34.0	249.3	0.0	0.0	124.3	401.7	94.3	362.3	173.1
12-31-2031	1,265.6	145.5	75.7	34.9	256.2	0.0	0.0	124.4	414.2	99.0	371.8	161.5
12-31-2032	1,265.6	145.5	75.7	34.9	256.2	0.0	0.0	124.5	414.2	99.9	370.9	146.4
12-31-2033	1,265.6	145.5	75.7	34.9	256.2	0.0	0.0	124.4	414.2	101.9	368.9	132.4
12-31-2034	1,267.2	145.7	75.8	35.0	256.5	0.0	0.0	145.0	405.2	101.1	359.5	117.3
12-31-2035	1,214.7	139.7	72.6	33.5	245.9	0.0	0.0	101.5	405.9	106.1	355.3	105.4
12-31-2036	1,214.7	139.7	72.6	33.5	245.9	0.0	0.0	101.5	405.9	106.1	355.3	95.8
12-31-2037	1,196.6	137.6	71.6	33.0	242.2	0.0	0.0	101.4	399.2	104.4	349.4	85.7
12-31-2038	1,181.5	133.6	69.5	32.1	235.1	0.0	0.0	101.2	386.2	101.0	338.0	75.3
12-31-2039	1,128.8	129.8	67.5	31.2	228.5	0.0	0.0	121.6	364.4	95.3	319.0	64.6
12-31-2040	1,098.8	126.4	65.7	30.3	222.4	0.0	0.0	100.9	363.0	94.9	317.7	59.5
12-31-2041	1,072.6	123.4	64.1	29.6	217.1	0.0	0.0	100.7	353.3	92.4	309.2	51.8
12-31-2042	1,044.7	120.1	62.5	28.6	211.4	0.0	0.0	100.6	342.9	89.7	300.1	45.7
12-31-2043	1,019.3	117.2	61.0	28.1	206.3	0.0	0.0	100.4	333.5	87.2	291.9	40.4
12-31-2044	973.2	111.9	58.2	26.9	197.0	0.0	0.0	120.6	306.7	80.2	268.5	33.8
12-31-2045	950.1	109.3	56.8	26.2	192.3	0.0	0.0	100.1	307.8	80.5	269.4	30.8
12-31-2046	929.4	106.9	55.6	25.7	188.1	0.0	0.0	100.0	300.1	78.5	262.7	27.3
12-31-2047	907.4	104.4	54.3	25.0	183.7	0.0	0.0	99.8	292.0	76.3	255.6	24.2
12-31-2048	887.9	102.1	53.1	24.5	179.7	0.0	0.0	99.7	284.8	74.4	249.2	21.4
12-31-2049	869.5	100.0	52.0	24.0	176.0	0.0	0.0	120.2	268.3	70.1	234.8	18.3
12-31-2050	851.2	97.9	50.9	23.5	172.3	0.0	0.0	99.5	271.1	70.9	237.3	16.9
12-31-2051	833.9	95.9	49.9	23.0	168.8	0.0	0.0	99.4	264.7	69.2	231.7	15.0
12-31-2052	817.9	94.1	48.9	22.6	165.5	0.0	0.0	99.3	258.8	67.7	226.5	13.3
12-31-2053	800.7	92.1	47.9	22.1	162.1	0.0	0.0	99.3	252.4	66.0	221.0	11.8
12-31-2054	785.8	90.4	47.0	21.7	159.0	0.0	0.0	119.8	237.3	62.0	207.7	10.1
12-31-2055	771.1	88.7	46.1	21.3	156.1	0.0	0.0	99.1	231.3	63.1	211.3	9.3
12-31-2056	756.1	87.0	45.2	20.9	153.0	0.0	0.0	99.0	235.9	61.7	206.5	8.3
12-31-2057	741.1	85.2	44.3	20.5	150.0	0.0	0.0	98.9	230.3	60.2	201.6	7.3
12-31-2058	728.6	83.8	43.6	20.1	147.5	0.0	0.0	98.9	225.7	59.0	197.5	6.5
12-31-2059	713.8	82.1	42.7	19.7	144.5	0.0	0.0	119.4	210.5	55.0	184.3	5.6
12-31-2060	699.9	80.5	41.9	19.3	141.7	0.0	0.0	98.7	215.1	56.2	188.2	5.2
12-31-2061	686.0	78.9	41.0	18.9	138.8	0.0	0.0	98.6	209.9	54.9	183.7	4.6
12-31-2062	673.6	77.5	40.3	18.6	136.3	0.0	0.0	98.6	205.3	49.6	183.8	4.2
12-31-2063	660.9	76.0	39.5	18.2	133.8	0.0	0.0	98.5	200.6	48.4	179.7	3.7
12-31-2064	78.0	9.0	4.7	2.2	15.8	0.0	95.7	18.5	0.0	6.4	-56.4	-1.1
Total	41,235.0	4,739.9	2,346.2	1,139.7	8,225.8	71.7	95.7	4,582.3	11,570.7	3,555.7	13,133.2	4,615.9

Totals may not add because of rounding

⁽¹⁾ Oil and gas profits levy estimates are provided by NewMed.

⁽²⁾ Corporate income tax estimates are provided by NewMed and are its expected corporate income taxes per year.

All estimates and exhibits herein are part of this NSA report and are subject to its parameters and conditions.

Figure 11

REVENUE, COSTS, AND TAXES – HIGH PRICE CASE
PROVED + PROBABLE (2P) RESERVES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVIATHAN FIELD, LEASES I/14 AND I/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Period Ending	Working Interest Revenue (MM\$)	Royalties			Total (MM\$)	Net Capital Costs (MM\$)	Net Abandonment Costs (MM\$)	Net Operating Expenses (MM\$)	Levy ⁽¹⁾ (MM\$)	Corporate Income Taxes ⁽²⁾ (MM\$)	Future Net Revenue After Levy and Corporate Income Taxes	
		State (MM\$)	Interested Party (MM\$)	Third Party (MM\$)							Total (MM\$)	Discounted at 10% (MM\$)
12-31-2022	324.4	35.1	5.3	10.6	51.0	20.8	0.0	54.2	0.0	150.1	48.3	47.7
12-31-2023	1,311.5	150.8	18.1	36.2	205.1	50.9	0.0	141.6	0.0	170.7	743.1	691.9
12-31-2024	1,376.9	158.3	38.5	38.0	234.8	0.0	0.0	135.5	0.0	178.4	828.2	700.9
12-31-2025	1,396.4	160.6	83.5	38.5	282.6	0.0	0.0	133.7	0.0	160.1	767.1	590.2
12-31-2026	1,387.1	159.5	82.9	38.3	280.7	0.0	0.0	133.8	281.4	105.8	585.3	409.4
12-31-2027	1,387.4	159.6	83.0	38.3	280.8	0.0	0.0	136.3	377.3	83.3	509.8	324.2
12-31-2028	1,413.6	162.6	84.5	39.0	286.1	0.0	0.0	137.7	454.0	70.1	465.6	269.2
12-31-2029	1,410.2	162.2	84.3	38.9	285.4	0.0	0.0	158.1	452.4	66.2	448.1	235.5
12-31-2030	1,395.7	160.5	83.5	38.5	282.5	0.0	0.0	137.4	456.7	108.7	410.5	196.1
12-31-2031	1,390.7	159.9	83.2	38.4	281.5	0.0	0.0	131.4	457.6	110.3	409.8	178.0
12-31-2032	1,359.1	156.3	81.3	37.5	275.1	0.0	0.0	131.4	445.8	108.2	398.6	157.4
12-31-2033	1,326.9	152.6	79.3	36.6	268.6	0.0	0.0	131.1	433.9	107.1	386.2	138.6
12-31-2034	1,300.0	149.5	77.7	35.9	263.1	0.0	0.0	131.1	414.3	103.5	367.5	119.9
12-31-2035	1,220.0	140.3	73.0	33.7	246.9	0.0	0.0	103.9	406.8	106.3	356.1	105.6
12-31-2036	1,194.5	137.4	71.4	33.0	241.8	0.0	0.0	103.8	397.3	103.9	347.8	98.8
12-31-2037	1,171.9	134.8	70.1	32.3	237.2	0.0	0.0	103.7	388.9	101.7	340.4	89.5
12-31-2038	1,148.8	132.1	68.7	31.7	232.5	0.0	0.0	103.5	380.4	99.5	332.9	74.2
12-31-2039	1,127.0	129.6	67.4	31.1	225.1	0.0	0.0	124.0	362.6	94.8	317.4	64.3
12-31-2040	1,109.1	127.5	66.3	30.6	224.5	0.0	0.0	103.3	359.0	95.6	320.0	59.0
12-31-2041	1,091.1	125.5	65.2	30.1	220.8	0.0	0.0	103.2	352.2	93.9	314.2	52.6
12-31-2042	1,072.9	123.4	64.2	29.6	217.1	0.0	0.0	103.1	346.0	92.1	308.3	46.9
12-31-2043	1,056.0	121.4	63.2	29.1	213.7	0.0	0.0	103.0	327.3	90.5	302.8	41.9
12-31-2044	1,031.7	118.6	61.7	28.5	208.8	0.0	0.0	123.5	327.3	86.6	286.5	36.0
12-31-2045	1,017.2	117.0	60.8	28.1	205.9	0.0	0.0	102.8	331.6	86.7	290.2	33.2
12-31-2046	1,002.6	115.3	60.0	27.7	202.9	0.0	0.0	102.7	326.1	85.3	285.5	29.7
12-31-2047	988.0	113.6	59.1	27.3	200.0	0.0	0.0	102.6	320.8	83.9	280.8	26.5
12-31-2048	976.0	112.2	58.4	26.9	197.5	0.0	0.0	102.6	316.3	82.7	276.9	23.8
12-31-2049	961.3	110.5	57.5	26.5	194.6	0.0	0.0	123.1	301.2	78.7	263.6	20.6
12-31-2050	949.1	109.1	56.8	26.2	192.1	0.0	0.0	102.5	306.3	80.1	268.1	19.0
12-31-2051	935.6	107.6	55.9	25.8	189.4	0.0	0.0	102.4	301.3	78.8	263.7	17.0
12-31-2052	920.9	105.9	55.1	25.4	186.4	0.0	0.0	102.3	295.9	77.4	259.0	15.2
12-31-2053	908.6	104.5	54.3	25.1	183.9	0.0	0.0	102.2	291.3	76.2	255.0	13.6
12-31-2054	895.1	102.9	53.5	24.7	181.2	0.0	0.0	122.8	276.7	72.3	242.2	11.7
12-31-2055	882.8	101.5	52.8	24.4	178.7	0.0	0.0	102.1	281.7	73.7	246.6	10.9
12-31-2056	869.2	100.0	52.0	24.0	175.9	0.0	0.0	102.0	276.7	72.3	242.2	9.7
12-31-2057	856.9	98.5	51.2	23.6	173.4	0.0	0.0	102.0	272.1	71.1	238.2	8.7
12-31-2058	843.3	97.0	50.4	23.3	170.7	0.0	0.0	101.9	267.1	69.8	233.8	7.7
12-31-2059	832.1	95.7	49.8	23.0	168.4	0.0	0.0	122.4	253.3	66.2	221.7	6.7
12-31-2060	819.8	94.3	49.0	22.6	165.9	0.0	0.0	101.8	258.4	67.6	226.2	6.2
12-31-2061	808.5	93.0	48.3	22.3	163.6	0.0	0.0	101.7	254.2	66.5	222.5	5.5
12-31-2062	797.2	91.7	47.0	22.0	161.4	0.0	0.0	101.6	250.0	61.3	222.9	5.0
12-31-2063	786.1	90.4	47.0	21.7	159.1	0.0	0.0	101.6	245.9	60.2	219.3	4.5
12-31-2064	94.2	10.8	5.6	2.6	19.1	0.0	95.7	17.1	0.0	9.3	-46.9	-0.9
Total	45,147.3	5,189.7	2,581.6	1,247.7	9,019.0	71.7	95.7	4,809.3	12,939.4	3,906.1	14,306.2	4,991.5

Total may not add because of rounding.

⁽¹⁾ Oil and gas profile levy estimates are provided by NewMed.

⁽²⁾ Corporate income tax estimates are provided by NewMed and are its expected corporate income taxes per year.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 12

REVENUE, COSTS, AND TAXES – HIGH PRICE CASE
PROVED + PROBABLE + POSSIBLE (3P) RESERVES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVATHAN FIELD, LEASES 1/14 AND 1/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Period Ending	Working Interest Revenue (MM\$)	Royalties			Total (MM\$)	Net Capital Costs (MM\$)	Net Abandonment Costs (MM\$)	Net Operating Expenses (MM\$)	Levy ⁽¹⁾ (MM\$)	Corporate Income Taxes ⁽²⁾ (MM\$)	Future Net Revenue After Levy and Corporate Income Taxes	
		State (MM\$)	Interested Party (MM\$)	Third Party (MM\$)							Total (MM\$)	Discounted at 10% (MM\$)
12-31-2022	345.4	37.3	5.6	11.2	54.1	20.8	0.0	56.0	0.0	153.8	60.6	59.9
12-31-2023	1,431.1	164.6	19.7	39.5	223.8	50.9	0.0	148.8	0.0	192.2	815.3	759.1
12-31-2024	1,432.0	164.7	49.8	39.5	254.0	0.0	0.0	140.5	0.0	185.5	852.1	721.2
12-31-2025	1,423.8	163.7	85.1	39.3	288.2	0.0	0.0	138.6	93.8	154.6	748.6	576.0
12-31-2026	1,397.6	160.7	83.6	38.6	282.9	0.0	0.0	138.9	300.4	102.2	573.2	401.0
12-31-2027	1,398.9	161.0	83.7	38.6	283.3	0.0	0.0	141.4	384.1	80.5	318.3	318.3
12-31-2028	1,424.2	163.8	85.2	39.3	288.3	0.0	0.0	142.8	461.3	69.2	462.6	267.4
12-31-2029	1,440.6	165.7	86.1	39.8	291.6	0.0	0.0	163.3	461.3	68.5	455.9	239.6
12-31-2030	1,442.3	165.9	86.2	39.8	291.9	0.0	0.0	142.7	471.6	112.6	423.5	202.3
12-31-2031	1,430.8	164.5	85.6	38.5	289.6	0.0	0.0	133.8	471.5	114.0	422.0	183.3
12-31-2032	1,394.6	160.4	83.4	38.5	269.3	0.0	0.0	128.7	460.3	112.0	411.3	162.4
12-31-2033	1,363.8	156.8	81.6	37.6	276.0	0.0	0.0	124.6	430.4	111.5	400.9	143.9
12-31-2034	1,337.3	153.8	80.0	36.9	270.7	0.0	0.0	147.0	421.3	107.7	381.5	124.5
12-31-2035	1,260.2	144.9	75.4	34.8	255.1	0.0	0.0	104.9	412.5	110.1	368.8	109.4
12-31-2036	1,236.5	142.2	73.9	34.1	250.3	0.0	0.0	104.7	404.0	107.8	361.1	97.4
12-31-2037	1,213.5	139.6	72.6	33.5	245.6	0.0	0.0	104.6	353.6	105.6	353.6	86.7
12-31-2038	1,194.5	137.4	71.4	33.0	241.8	0.0	0.0	104.5	397.0	103.8	347.5	77.4
12-31-2039	1,173.6	135.0	70.2	32.4	237.5	0.0	0.0	125.0	379.6	99.2	332.2	67.3
12-31-2040	1,155.8	132.9	69.1	31.9	233.9	0.0	0.0	104.3	382.6	100.0	334.9	61.7
12-31-2041	1,140.3	131.1	68.2	31.5	230.8	0.0	0.0	104.2	376.9	98.5	329.9	55.2
12-31-2042	1,123.4	129.2	67.2	31.0	227.4	0.0	0.0	104.1	370.6	96.9	324.4	49.4
12-31-2043	1,109.1	127.5	66.3	30.6	224.5	0.0	0.0	104.1	365.3	95.5	319.7	44.2
12-31-2044	1,089.6	125.3	65.2	30.1	220.5	0.0	0.0	124.6	348.4	91.1	305.0	38.4
12-31-2045	1,076.3	123.8	64.4	29.7	217.8	0.0	0.0	103.9	353.1	92.3	309.1	35.4
12-31-2046	1,064.3	122.4	63.6	29.4	215.4	0.0	0.0	103.8	348.7	91.2	305.2	31.7
12-31-2047	1,051.0	120.9	62.8	29.0	212.7	0.0	0.0	103.7	343.7	89.9	300.9	28.4
12-31-2048	1,045.6	120.2	62.5	28.9	211.6	0.0	0.0	124.2	341.8	88.4	299.1	25.7
12-31-2049	1,033.4	118.8	61.8	28.5	209.2	0.0	0.0	103.6	337.6	85.6	286.7	22.4
12-31-2051	1,022.4	117.6	61.1	28.2	206.9	0.0	0.0	103.5	333.2	87.1	291.6	20.7
12-31-2052	1,012.7	116.5	60.6	28.0	205.0	0.0	0.0	103.5	329.6	86.2	288.5	18.6
12-31-2053	1,002.9	115.3	60.0	27.7	203.0	0.0	0.0	103.5	325.9	85.2	285.3	16.7
12-31-2054	993.1	114.2	59.4	27.4	199.3	0.0	0.0	103.4	322.3	84.3	282.1	15.1
12-31-2055	984.6	113.2	58.9	27.2	197.6	0.0	0.0	124.0	309.5	80.9	270.9	13.1
12-31-2056	976.1	112.2	58.4	26.9	196.3	0.0	0.0	103.3	316.0	82.6	276.6	12.2
12-31-2057	966.3	111.1	57.8	26.7	195.6	0.0	0.0	103.3	312.3	81.7	273.4	11.0
12-31-2058	957.7	110.1	57.3	26.4	193.8	0.0	0.0	103.2	309.2	80.8	270.6	9.9
12-31-2059	951.6	109.4	56.9	26.3	192.6	0.0	0.0	103.2	306.9	80.2	268.6	8.9
12-31-2060	943.0	108.4	56.4	26.0	190.9	0.0	0.0	123.8	294.1	76.9	257.4	7.8
12-31-2061	935.6	107.6	55.9	25.8	189.4	0.0	0.0	103.1	301.0	78.7	263.5	7.2
12-31-2062	929.5	106.9	55.6	25.7	188.1	0.0	0.0	103.1	298.7	78.1	261.5	6.5
12-31-2063	923.3	106.2	55.2	25.5	186.9	0.0	0.0	103.1	296.4	73.4	263.5	6.0
12-31-2064	916.0	105.3	54.8	25.3	185.4	0.0	0.0	103.0	293.7	72.7	261.2	5.4
12-31-2064	110.7	12.7	6.6	3.1	22.4	0.0	96.7	17.7	0.0	12.1	-37.3	-0.7
Total	47,855.8	5,501.0	2,745.0	1,322.5	9,588.5	71.7	96.7	4,876.3	13,917.4	4,162.3	15,163.9	5,148.0

Totals may not add because of rounding.

(1) Oil and gas profits levy estimates are provided by NewMed.

(2) Corporate income tax estimates are provided by NewMed and are its expected corporate income taxes per year.

Figure 13

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

SUMMARY OF CONTINGENT RESOURCES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVIATHAN FIELD, LEASES I/14 AND I/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Development Phase	Gross (100%) Contingent Resources					
	Gas (BCF)			Condensate (MMBBL)		
	1C	2C	3C	1C	2C	3C
Phase I – First Stage ⁽¹⁾	3,681.2	3,870.5	3,389.9	8.1	8.5	7.5
	403.9	5,020.3	9,621.3	0.9	11.0	21.2
Total	4,085.1	8,890.8	13,011.1	9.0	19.6	28.6

Development Phase	Working Interest Contingent Resources					
	Gas (BCF)			Condensate (MMBBL)		
	1C	2C	3C	1C	2C	3C
Phase I – First Stage ⁽¹⁾	1,669.1	1,754.9	1,537.0	3.7	3.9	3.4
	183.1	2,276.2	4,362.3	0.4	5.0	9.6
Total	1,852.2	4,031.1	5,899.2	4.1	8.9	13.0

Totals may not add because of rounding.

- (1) The contingent resources shown in this report represent volumes that are incrementally recoverable over volumes classified as reserves. For the Phase I – First Stage, the 3C contingent resources are less than the 1C and 2C contingent resources because a larger portion of the estimated volumes for the high estimate case has been classified as reserves.

Figure 14

All estimates and exhibits herein are part of this NSA report and are subject to its parameters and conditions.

SECTION B

LEVIATHAN DEEP RESOURCES CONSULTANT'S REPORT

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ESTIMATES
of
UNRISKED PROSPECTIVE RESOURCES
to the
NEWMED ENERGY – LIMITED PARTNERSHIP
WORKING INTEREST
in two
LEVIATHAN DEEP PROSPECTS
located in
LEASES I/14 AND I/15, OFFSHORE ISRAEL
as of
SEPTEMBER 30, 2022

COMPETENT PERSON'S REPORT

NSAII
NETHERLAND, SEWELL
& ASSOCIATES, INC.
WORLDWIDE PETROLEUM
CONSULTANTS
ENGINEERING • GEOLOGY
GEOPHYSICS • PETROPHYSICS

January 11, 2023

NewMed Energy – Limited Partnership
19 Abba Eban Boulevard
Herzliya 4612001
Israel

Directors and Proposed Directors
Capricorn Energy PLC
50 Lothian Road
Edinburgh EH3 9BY
Scotland

N.M. Rothschild & Sons Limited
New Court
St Swithin's Lane
London, EC4N 8AL
United Kingdom

Ladies and Gentlemen:

In accordance with the request of NewMed Energy – Limited Partnership (NewMed), we have estimated the unrisks prospective resources, as of September 30, 2022, to the NewMed working interest in two Leviathan Deep prospects located in Leases I/14 and I/15, offshore Israel. We completed our evaluation on or about the date of this letter. Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. The prospective resources included in this Competent Person's Report (report) should not be construed as reserves or contingent resources; they represent exploration opportunities and quantify the development potential in the event a petroleum discovery is made. A geologic risk assessment was performed for these prospects, as discussed in subsequent paragraphs. This report does not include economic analysis for these prospects. Based on analogous field developments, it appears that, assuming a discovery is made, the unrisks best estimate prospective resources in this report have a reasonable chance of being economically viable.

The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE) and in accordance with the recommendations of the Financial Conduct Authority (FCA), as set out in Primary Market Technical Note 619.1 – the Guidelines on disclosure requirements under the Prospectus Regulation and Guidance on specialist issuers published by the FCA. Definitions are presented immediately following this letter. Following the definitions is a list of abbreviations used in this report. This report has been prepared for use by NewMed and Capricorn Energy PLC (Capricorn) in connection with a proposed transaction. In our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose.

Totals of unrisks prospective resources beyond the prospect level are not reflective of volumes that can be expected to be recovered and are therefore not shown. Because of the geologic risk associated with each prospect, meaningful totals beyond this level can be defined only by summing risks prospective resources. Such risk is often significant.

We estimate the unrisks gross (100 percent) prospective resources and the probability of geologic success (P_g) for these prospects, as of September 30, 2022, to be:

Prospect	Unrisked Gross (100%) Prospective Resources						P _g (%)
	Low Estimate (1U)		Best Estimate (2U)		High Estimate (3U)		
	Oil	Gas	Oil	Gas	Oil	Gas	
	(MMBBL)	(BCF)	(MMBBL)	(BCF)	(MMBBL)	(BCF)	
Lower Cretaceous Channel	47.3	45.2	223.9	229.2	813.7	886.8	19
Mesozoic Carbonate	26.6	25.4	155.3	161.0	766.6	826.8	18

January 11, 2023
Page 2 of 4

We estimate the NewMed unrisked working interest prospective resources and the P_g for these prospects, as of September 30, 2022, to be:

Prospect	Unrisked Working Interest Prospective Resources						P _g (%)
	Low Estimate (1U)		Best Estimate (2U)		High Estimate (3U)		
	Oil	Gas	Oil	Gas	Oil	Gas	
	(MMBBL)	(BCF)	(MMBBL)	(BCF)	(MMBBL)	(BCF)	
Lower Cretaceous Channel	21.5	20.5	101.5	103.9	368.9	402.1	19
Mesozoic Carbonate	12.1	11.5	70.4	73.0	347.6	374.9	18

The oil volumes shown include crude oil only. Oil volumes are expressed in millions of barrels (MMBBL); a barrel is equivalent to 42 United States gallons. Gas volumes are expressed in billions of cubic feet (BCF) at standard temperature and pressure bases.

The prospective resources shown in this report have been estimated using probabilistic methods and are dependent on a petroleum discovery being made. If a discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the unrisked estimated amounts is 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. Prospective resources shown in this report include volumes that extend beyond the boundaries of Leases I/14 and I/15. Our estimates are based on the assumption that, if a discovery is made, the prospects would be oil filled; we have not included any sensitivity estimates that are based on the assumption that the prospects would be gas filled.

Unrisked prospective resources are estimated ranges of recoverable oil and gas volumes assuming their discovery and development and are based on estimated ranges of undiscovered in-place volumes. Geologic risk of prospective resources addresses the probability of success for the discovery of a significant quantity of potentially recoverable petroleum; this risk analysis is conducted independent of estimations of petroleum volumes and without regard to the chance of development. Principal geologic risk elements of the petroleum system include (1) trap and seal characteristics; (2) reservoir presence and quality; (3) source rock capacity, quality, and maturity; and (4) timing, migration, and preservation of petroleum in relation to trap and seal formation. Risk assessment is a highly subjective process dependent upon the experience and judgment of the evaluators and is subject to revision with further data acquisition or interpretation. The primary geologic risk for these prospects is trap integrity. Included in this report is a discussion of the primary geologic risk elements.

Each prospect was evaluated to determine ranges of in-place and recoverable petroleum and was risked as an independent entity without dependency between potential prospect drilling outcomes. If petroleum discoveries are made, smaller-volume prospects may not be commercial to independently develop, although they may become candidates for satellite developments and tie-backs to existing infrastructure at some future date. The development infrastructure and data obtained from early discoveries will alter both geologic risk and future economics of subsequent discoveries and developments.

It should be understood that the prospective resources discussed and shown herein are those undiscovered, highly speculative resources estimated beyond reserves or contingent resources where geological and geophysical data suggest the potential for discovery of petroleum but where the level of proof is insufficient for classification as reserves or contingent resources. The unrisked prospective resources shown in this report are the range of volumes

January 11, 2023
Page 3 of 4

that could reasonably be expected to be recovered in the event of the discovery and development of these prospects.

As shown in the Table of Contents, this report includes a technical discussion and pertinent figures.

For the purposes of this report, we did not perform any field inspection of the prospects. We have not investigated possible environmental liability related to the prospects.

For the purposes of this report, we used technical and economic data including, but not limited to, well logs from offset wells, geologic maps, seismic data, and property ownership interests. The resources in this report have been estimated using probabilistic methods; these estimates have been prepared in accordance with generally accepted petroleum engineering and evaluation principles set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE (SPE Standards). We used standard engineering and geoscience methods, or a combination of methods, including volumetric analysis and analogy, that we considered to be appropriate and necessary to classify, categorize, and estimate volumes in accordance with the 2018 PRMS definitions and guidelines. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

The data used in our estimates were obtained from NewMed; Chevron Mediterranean Limited, the operator of the prospects; public data sources; and the nonconfidential files of Netherland, Sewell & Associates, Inc. (NSAI) and were accepted as accurate. Supporting work data are on file in our office. We have not examined the contractual rights to the prospects or independently confirmed the actual degree or type of interest owned. Neither NSAI nor any of the officers of NSAI have at the date of this report, have had within the previous two years, or expect to receive, any economic or beneficial interest (present or contingent) in the securities of NewMed or Capricorn or in any of the assets being evaluated in this report. NSAI and the officers of NSAI consider themselves to be independent of both NewMed and Capricorn, their directors, senior management, and other advisers. NSAI will receive a fee for the preparation of this report in accordance with normal professional consulting practices. This fee is not dependent on the findings of this report and NSAI will receive no other benefit for the preparation of this report.

QUALIFICATIONS

NSAI performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-2699. We provide a complete range of geological, geophysical, petrophysical, and engineering services, and we have the technical expertise and ability to perform these services in any oil and gas producing area in the world. The staff are familiar with the recognized industry reserves and resources definitions, specifically those promulgated by the U.S. Securities and Exchange Commission, by the Alberta Securities Commission, and by the SPE, Society of Petroleum Evaluation Engineers, World Petroleum Council, and American Association of Petroleum Geologists. The technical persons primarily responsible for preparing the estimates presented herein meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards.

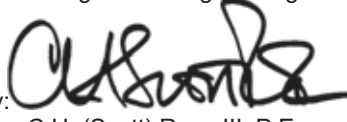
This assessment has been led by Mr. John R. Cliver and Mr. Zachary R. Long. Mr. Cliver and Mr. Long are Vice Presidents in the firm's Houston office at 1301 McKinney Street, Suite 3200, Houston, Texas 77010, USA.

January 11, 2023
Page 4 of 4

Mr. Cliver is a Licensed Professional Engineer (Texas Registration No. 107216). He has been practicing consulting petroleum engineering at NSAI since 2009 and has over 5 years of prior industry experience. Mr. Long is a Licensed Professional Geoscientist (Texas Registration No. 11792). He has been practicing consulting petroleum geoscience at NSAI since 2007 and has over 2 years of prior industry experience.

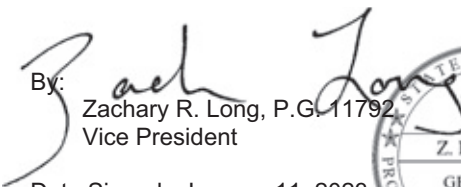
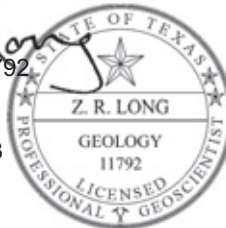
Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.
Texas Registered Engineering Firm F-2699

By: 

C.H. (Scott) Rees III, P.E.
Executive Chairman

By: 
John R. Cliver, P.E. 107216
Vice President
Date Signed: January 11, 2023
JRC:MDK


By: 
Zachary R. Long, P.G. 11792
Vice President
Date Signed: January 11, 2023


PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by
the Society of Petroleum Engineers (SPE) Board of Directors, June 2018

This document contains information excerpted from definitions and guidelines prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the SPE, World Petroleum Council, American Association of Petroleum Geologists, Society of Petroleum Evaluation Engineers, Society of Exploration Geophysicists, Society of Petrophysicists and Well Log Analysts, and European Association of Geoscientists & Engineers.

Preamble

Petroleum resources are the quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resources assessments estimate quantities in known and yet-to-be-discovered accumulations. Resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating projects, and presenting results within a comprehensive classification framework.

This updated PRMS provides fundamental principles for the evaluation and classification of petroleum reserves and resources. If there is any conflict with prior SPE and PRMS guidance, approved training, or the Application Guidelines, the current PRMS shall prevail. It is understood that these definitions and guidelines allow flexibility for entities, governments, and regulatory agencies to tailor application for their particular needs; however, any modifications to the guidance contained herein must be clearly identified. The terms "shall" or "must" indicate that a provision herein is mandatory for PRMS compliance, while "should" indicates a recommended practice and "may" indicates that a course of action is permissible. The definitions and guidelines contained in this document must not be construed as modifying the interpretation or application of any existing regulatory reporting requirements.

1.0 Basic Principles and Definitions

1.0.0.1 A classification system of petroleum resources is a fundamental element that provides a common language for communicating both the confidence of a project's resources maturation status and the range of potential outcomes to the various entities. The PRMS provides transparency by requiring the assessment of various criteria that allow for the classification and categorization of a project's resources. The evaluation elements consider the risk of geologic discovery and the technical uncertainties together with a determination of the chance of achieving the commercial maturation status of a petroleum project.

1.0.0.2 The technical estimation of petroleum resources quantities involves the assessment of quantities and values that have an inherent degree of uncertainty. These quantities are associated with exploration, appraisal, and development projects at various stages of design and implementation. The commercial aspects considered will relate the project's maturity status (e.g., technical, economical, regulatory, and legal) to the chance of project implementation.

1.0.0.3 The use of a consistent classification system enhances comparisons between projects, groups of projects, and total company portfolios. The application of PRMS must consider both technical and commercial factors that impact the project's feasibility, its productive life, and its related cash flows.

1.1 Petroleum Resources Classification Framework

1.1.0.1 Petroleum is defined as a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid, or solid state. Petroleum may also contain non-hydrocarbons, common examples of which are carbon dioxide, nitrogen, hydrogen sulfide, and sulfur. In rare cases, non-hydrocarbon content can be greater than 50%.

1.1.0.2 The term resources as used herein is intended to encompass all quantities of petroleum naturally occurring within the Earth's crust, both discovered and undiscovered (whether recoverable or unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered as conventional or unconventional resources.

1.1.0.3 Figure 1.1 graphically represents the PRMS resources classification system. The system classifies resources into discovered and undiscovered and defines the recoverable resources classes: Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable Petroleum.

1.1.0.4 The horizontal axis reflects the range of uncertainty of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the chance of commerciality, P_c , which is the chance that a project will be committed for development and reach commercial producing status.

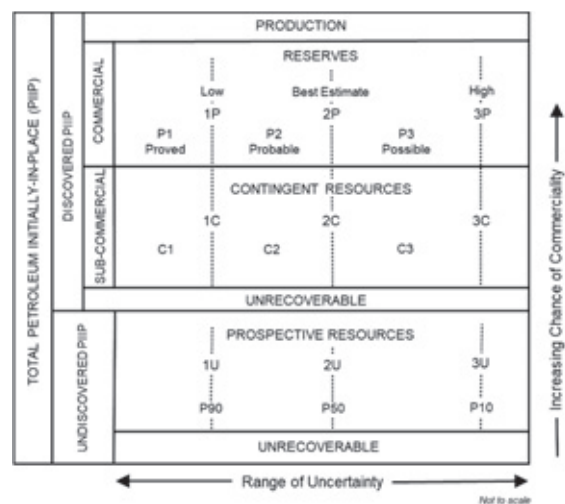


Figure 1.1—Resources classification framework

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by
the Society of Petroleum Engineers (SPE) Board of Directors, June 2018

1.1.0.5 The following definitions apply to the major subdivisions within the resources classification:

- A. **Total Petroleum Initially-In-Place (PIIP)** is all quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, discovered and undiscovered, before production.
- B. **Discovered PIIP** is the quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations before production.
- C. **Production** is the cumulative quantities of petroleum that have been recovered at a given date. While all recoverable resources are estimated, and production is measured in terms of the sales product specifications, raw production (sales plus non-sales) quantities are also measured and required to support engineering analyses based on reservoir voidage (see Section 3.2, Production Measurement).

1.1.0.6 Multiple development projects may be applied to each known or unknown accumulation, and each project will be forecast to recover an estimated portion of the initially-in-place quantities. The projects shall be subdivided into commercial, sub-commercial, and undiscovered, with the estimated recoverable quantities being classified as Reserves, Contingent Resources, or Prospective Resources respectively, as defined below.

- A. 1. **Reserves** are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining (as of the evaluation's effective date) based on the development project(s) applied.
 - 2. Reserves are recommended as sales quantities as metered at the reference point. Where the entity also recognizes quantities consumed in operations (CiO) (see Section 3.2.2), as Reserves these quantities must be recorded separately. Non-hydrocarbon quantities are recognized as Reserves only when sold together with hydrocarbons or CiO associated with petroleum production. If the non-hydrocarbon is separated before sales, it is excluded from Reserves.
 - 3. Reserves are further categorized in accordance with the range of uncertainty and should be sub-classified based on project maturity and/or characterized by development and production status.
- B. **Contingent Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. Contingent Resources have an associated chance of development. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the range of uncertainty associated with the estimates and should be sub-classified based on project maturity and/or economic status.
- C. **Undiscovered PIIP** is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.
- D. **Prospective Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of geologic discovery and a chance of development. Prospective Resources are further categorized in accordance with the range of uncertainty associated with recoverable estimates, assuming discovery and development, and may be sub-classified based on project maturity.
- E. **Unrecoverable Resources** are that portion of either discovered or undiscovered PIIP evaluated, as of a given date, to be unrecoverable by the currently defined project(s). A portion of these quantities may become recoverable in the future as commercial circumstances change, technology is developed, or additional data are acquired. The remaining portion may never be recovered because of physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

1.1.0.7 The sum of Reserves, Contingent Resources, and Prospective Resources may be referred to as "remaining recoverable resources." Importantly, these quantities should not be aggregated without due consideration of the technical and commercial risk involved with their classification. When such terms are used, each classification component of the summation must be provided.

1.1.0.8 Other terms used in resource assessments include the following:

- A. **Estimated Ultimate Recovery (EUR)** is not a resources category or class, but a term that can be applied to an accumulation or group of accumulations (discovered or undiscovered) to define those quantities of petroleum estimated, as of a given date, to be potentially recoverable plus those quantities already produced from the accumulation or group of accumulations. For clarity, EUR must reference the associated technical and commercial conditions for the resources; for example, proved EUR is Proved Reserves plus prior production.
- B. **Technically Recoverable Resources (TRR)** are those quantities of petroleum producible using currently available technology and industry practices, regardless of commercial considerations. TRR may be used for specific Projects or for groups of Projects, or, can be an undifferentiated estimate within an area (often basin-wide) of recovery potential.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by
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1.2 Project-Based Resources Evaluations

1.2.0.1 The resources evaluation process consists of identifying a recovery project or projects associated with one or more petroleum accumulations, estimating the quantities of PIIP, estimating that portion of those in-place quantities that can be recovered by each project, and classifying the project(s) based on maturity status or chance of commerciality.

1.2.0.2 The concept of a project-based classification system is further clarified by examining the elements contributing to an evaluation of net recoverable resources (see Figure 1.2).

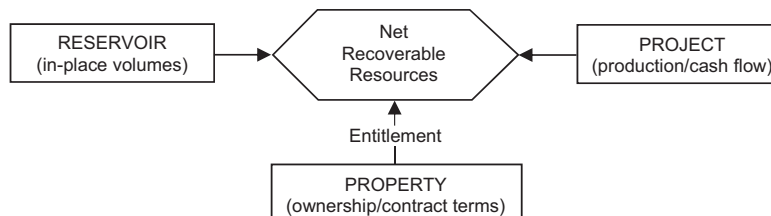


Figure 1.2—Resources evaluation

1.2.0.3 **The reservoir** (contains the petroleum accumulation): Key attributes include the types and quantities of PIIP and the fluid and rock properties that affect petroleum recovery.

1.2.0.4 **The project**: A project may constitute the development of a well, a single reservoir, or a small field; an incremental development in a producing field; or the integrated development of a field or several fields together with the associated processing facilities (e.g., compression). Within a project, a specific reservoir's development generates a unique production and cash-flow schedule at each level of certainty. The integration of these schedules taken to the project's earliest truncation caused by technical, economic, or the contractual limit defines the estimated recoverable resources and associated future net cash flow projections for each project. The ratio of EUR to total PIIP quantities defines the project's recovery efficiency. Each project should have an associated recoverable resources range (low, best, and high estimate).

1.2.0.5 **The property** (lease or license area): Each property may have unique associated contractual rights and obligations, including the fiscal terms. This information allows definition of each participating entity's share of produced quantities (entitlement) and share of investments, expenses, and revenues for each recovery project and the reservoir to which it is applied. One property may encompass many reservoirs, or one reservoir may span several different properties. A property may contain both discovered and undiscovered accumulations that may be spatially unrelated to a potential single field designation.

1.2.0.6 An entity's net recoverable resources are the entitlement share of future production legally accruing under the terms of the development and production contract or license.

1.2.0.7 In the context of this relationship, the project is the primary element considered in the resources classification, and the net recoverable resources are the quantities derived from each project. A project represents a defined activity or set of activities to develop the petroleum accumulation(s) and the decisions taken to mature the resources to reserves. In general, it is recommended that an individual project has assigned to it a specific maturity level sub-class (See Section 2.1.3.5, Project Maturity Sub-Classes) at which a decision is made whether or not to proceed (i.e., spend more money) and there should be an associated range of estimated recoverable quantities for the project (See Section 2.2.1, Range of Uncertainty). For completeness, a developed field is also considered to be a project.

1.2.0.8 An accumulation or potential accumulation of petroleum is often subject to several separate and distinct projects that are at different stages of exploration or development. Thus, an accumulation may have recoverable quantities in several resources classes simultaneously.

1.2.0.10 Not all technically feasible development projects will be commercial. The commercial viability of a development project within a field's development plan is dependent on a forecast of the conditions that will exist during the time period encompassed by the project (see Section 3.1, Assessment of Commerciality). Conditions include technical, economic (e.g., hurdle rates, commodity prices), operating and capital costs, marketing, sales route(s), and legal, environmental, social, and governmental factors forecast to exist and impact the project during the time period being evaluated. While economic factors can be summarized as forecast costs and product prices, the underlying influences include, but are not limited to, market conditions (e.g., inflation, market factors, and contingencies), exchange rates, transportation and processing infrastructure, fiscal terms, and taxes.

1.2.0.11 The resources being estimated are those quantities producible from a project as measured according to delivery specifications at the point of sale or custody transfer (see Section 3.2.1, Reference Point) and may permit forecasts of CiO quantities (see Section 3.2.2., Consumed in Operations). The cumulative production forecast from the effective date forward to cessation of production is the remaining recoverable resources quantity (see Section 3.1.1, Net Cash-Flow Evaluation).

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by
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1.2.0.12 The supporting data, analytical processes, and assumptions describing the technical and commercial basis used in an evaluation must be documented in sufficient detail to allow, as needed, a qualified reserves evaluator or qualified reserves auditor to clearly understand each project's basis for the estimation, categorization, and classification of recoverable resources quantities and, if appropriate, associated commercial assessment.

2.0 Classification and Categorization Guidelines

2.1 Resources Classification

2.1.0.1 The PRMS classification establishes criteria for the classification of the total PIIP. A determination of a discovery differentiates between discovered and undiscovered PIIP. The application of a project further differentiates the recoverable from unrecoverable resources. The project is then evaluated to determine its maturity status to allow the classification distinction between commercial and sub-commercial projects. PRMS requires the project's recoverable resources quantities to be classified as either Reserves, Contingent Resources, or Prospective Resources.

2.1.1 Determination of Discovery Status

2.1.1.1 A discovered petroleum accumulation is determined to exist when one or more exploratory wells have established through testing, sampling, and/or logging the existence of a significant quantity of potentially recoverable hydrocarbons and thus have established a known accumulation. In the absence of a flow test or sampling, the discovery determination requires confidence in the presence of hydrocarbons and evidence of producibility, which may be supported by suitable producing analogs (see Section 4.1.1, Analog). In this context, "significant" implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place quantity demonstrated by the well(s) and for evaluating the potential for commercial recovery.

2.1.1.2 Where a discovery has identified potentially recoverable hydrocarbons, but it is not considered viable to apply a project with established technology or with technology under development, such quantities may be classified as Discovered Unrecoverable with no Contingent Resources. In future evaluations, as appropriate for petroleum resources management purposes, a portion of these unrecoverable quantities may become recoverable resources as either commercial circumstances change or technological developments occur.

2.1.2 Determination of Commerciality

2.1.2.1 Discovered recoverable quantities (Contingent Resources) may be considered commercially mature, and thus attain Reserves classification, if the entity claiming commerciality has demonstrated a firm intention to proceed with development. This means the entity has satisfied the internal decision criteria (typically rate of return at or above the weighted average cost-of-capital or the hurdle rate). Commerciality is achieved with the entity's commitment to the project and all of the following criteria:

- A. Evidence of a technically mature, feasible development plan.
- B. Evidence of financial appropriations either being in place or having a high likelihood of being secured to implement the project.
- C. Evidence to support a reasonable time-frame for development.
- D. A reasonable assessment that the development projects will have positive economics and meet defined investment and operating criteria. This assessment is performed on the estimated entitlement forecast quantities and associated cash flow on which the investment decision is made (see Section 3.1.1, Net Cash-Flow Evaluation).
- E. A reasonable expectation that there will be a market for forecast sales quantities of the production required to justify development. There should also be similar confidence that all produced streams (e.g., oil, gas, water, CO₂) can be sold, stored, re-injected, or otherwise appropriately disposed.
- F. Evidence that the necessary production and transportation facilities are available or can be made available.
- G. Evidence that legal, contractual, environmental, regulatory, and government approvals are in place or will be forthcoming, together with resolving any social and economic concerns.

2.1.2.2 The commerciality test for Reserves determination is applied to the best estimate (P50) forecast quantities, which upon qualifying all commercial and technical maturity criteria and constraints become the 2P Reserves. Stricter cases [e.g., low estimate (P90)] may be used for decision purposes or to investigate the range of commerciality (see Section 3.1.2, Economic Criteria). Typically, the low- and high-case project scenarios may be evaluated for sensitivities when considering project risk and upside opportunity.

2.1.2.3 To be included in the Reserves class, a project must be sufficiently defined to establish both its technical and commercial viability as noted in Section 2.1.2.1. There must be a reasonable expectation that all required internal and external approvals will be forthcoming and evidence of firm intention to proceed with development within a reasonable time-frame. A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where justifiable; for example, development of economic projects that take longer than five years to be developed or are deferred to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by
the Society of Petroleum Engineers (SPE) Board of Directors, June 2018

2.1.2.4 While PRMS guidelines require financial appropriations evidence, they do not require that project financing be confirmed before classifying projects as Reserves. However, this may be another external reporting requirement. In many cases, financing is conditional upon the same criteria as above. In general, if there is not a reasonable expectation that financing or other forms of commitment (e.g., farm-outs) can be arranged so that the development will be initiated within a reasonable time-frame, then the project should be classified as Contingent Resources. If financing is reasonably expected to be in place at the time of the final investment decision (FID), the project's resources may be classified as Reserves.

2.2 Resources Categorization

2.2.0.1 The horizontal axis in the resources classification in Figure 1.1 defines the range of uncertainty in estimates of the quantities of recoverable, or potentially recoverable, petroleum associated with a project or group of projects. These estimates include the uncertainty components as follows:

- A. The total petroleum remaining within the accumulation (in-place resources).
- B. The technical uncertainty in the portion of the total petroleum that can be recovered by applying a defined development project or projects (i.e., the technology applied).
- C. Known variations in the commercial terms that may impact the quantities recovered and sold (e.g., market availability; contractual changes, such as production rate tiers or product quality specifications) are part of project's scope and are included in the horizontal axis, while the chance of satisfying the commercial terms is reflected in the classification (vertical axis).

2.2.0.2 The uncertainty in a project's recoverable quantities is reflected by the 1P, 2P, 3P, Proved (P1), Probable (P2), Possible (P3), 1C, 2C, 3C, C1, C2, and C3; or 1U, 2U, and 3U resources categories. The commercial chance of success is associated with resources classes or sub-classes and not with the resources categories reflecting the range of recoverable quantities.

2.2.1 Range of Uncertainty

2.2.1.1 Uncertainty is inherent in a project's resources estimation and is communicated in PRMS by reporting a range of category outcomes. The range of uncertainty of the recoverable and/or potentially recoverable quantities may be represented by either deterministic scenarios or by a probability distribution (see Section 4.2, Resources Assessment Methods).

2.2.1.2 When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:

- A. There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- B. There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- C. There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

2.2.1.3 In some projects, the range of uncertainty may be limited, and the three scenarios may result in resources estimates that are not significantly different. In these situations, a single value estimate may be appropriate to describe the expected result.

2.2.1.4 When using the deterministic scenario method, typically there should also be low, best, and high estimates, where such estimates are based on qualitative assessments of relative uncertainty using consistent interpretation guidelines. Under the deterministic incremental method, quantities for each confidence segment are estimated discretely (see Section 2.2.2, Category Definitions and Guidelines).

2.2.1.5 Project resources are initially estimated using the above uncertainty range forecasts that incorporate the subsurface elements together with technical constraints related to wells and facilities. The technical forecasts then have additional commercial criteria applied (e.g., economics and license cutoffs are the most common) to estimate the entitlement quantities attributed and the resources classification status: Reserves, Contingent Resources, and Prospective Resources.

2.2.2 Category Definitions and Guidelines

2.2.2.1 Evaluators may assess recoverable quantities and categorize results by uncertainty using the deterministic incremental method, the deterministic scenario (cumulative) method, geostatistical methods, or probabilistic methods (see Section 4.2, Resources Assessment Methods). Also, combinations of these methods may be used.

2.2.2.2 Use of consistent terminology (Figures 1.1 and 2.1) promotes clarity in communication of evaluation results. For Reserves, the general cumulative terms low/best/high forecasts are used to estimate the resulting 1P/2P/3P quantities, respectively. The associated incremental quantities are termed Proved (P1), Probable (P2) and Possible (P3). Reserves are a subset of, and must be viewed within the context of, the complete resources classification system. While the categorization criteria are proposed specifically for Reserves, in most cases, the criteria can be equally applied to Contingent and Prospective Resources. Upon satisfying the commercial maturity criteria for discovery and/or development, the project quantities will then move to the appropriate resources sub-class. Table 3 provides criteria for the Reserves categories determination.

2.2.2.3 For Contingent Resources, the general cumulative terms low/best/high estimates are used to estimate the resulting 1C/2C/3C quantities, respectively. The terms C1, C2, and C3 are defined for incremental quantities of Contingent Resources.

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2.2.2.4 For Prospective Resources, the general cumulative terms low/best/high estimates also apply and are used to estimate the resulting 1U/2U/3U quantities. No specific terms are defined for incremental quantities within Prospective Resources.

2.2.2.5 Quantities in different classes and sub-classes cannot be aggregated without considering the varying degrees of technical uncertainty and commercial likelihood involved with the classification(s) and without considering the degree of dependency between them (see Section 4.2.1, Aggregating Resources Classes).

2.2.2.6 Without new technical information, there should be no change in the distribution of technically recoverable resources and the categorization boundaries when conditions are satisfied to reclassify a project from Contingent Resources to Reserves.

2.2.2.7 All evaluations require application of a consistent set of forecast conditions, including assumed future costs and prices, for both classification of projects and categorization of estimated quantities recovered by each project (see Section 3.1, Assessment of Commerciality).

Table 1—Recoverable Resources Classes and Sub-Classes

Class/Sub-Class	Definition	Guidelines
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.	Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the development and production status. To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability (see Section 2.1.2, Determination of Commerciality). This includes the requirement that there is evidence of firm intention to proceed with development within a reasonable time-frame. A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where, for example, development of an economic project is deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented. To be included in the Reserves class, there must be a high confidence in the commercial maturity and economic producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.
On Production	The development project is currently producing or capable of producing and selling petroleum to market.	The key criterion is that the project is receiving income from sales, rather than that the approved development project is necessarily complete. Includes Developed Producing Reserves. The project decision gate is the decision to initiate or continue economic production from the project.
Approved for Development	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is ready to begin or is under way.	At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies, such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget. The project decision gate is the decision to start investing capital in the construction of production facilities and/or drilling development wells.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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Class/Sub-Class	Definition	Guidelines
Justified for Development	Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.	To move to this level of project maturity, and hence have Reserves associated with it, the development project must be commercially viable at the time of reporting (see Section 2.1.2, Determination of Commerciality) and the specific circumstances of the project. All participating entities have agreed and there is evidence of a committed project (firm intention to proceed with development within a reasonable time-frame). There must be no known contingencies that could preclude the development from proceeding (see Reserves class). The project decision gate is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.	Contingent Resources may include, for example, projects for which there are currently no viable markets, where commercial recovery is dependent on technology under development, where evaluation of the accumulation is insufficient to clearly assess commerciality, where the development plan is not yet approved, or where regulatory or social acceptance issues may exist. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status.
Development Pending	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.	The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g., drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time-frame. Note that disappointing appraisal/evaluation results could lead to a reclassification of the project to On Hold or Not Viable status. The project decision gate is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.
Development on Hold	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.	The project is seen to have potential for commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a probable chance that a critical contingency can be removed in the foreseeable future, could lead to a reclassification of the project to Not Viable status. The project decision gate is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.
Development Unclarified	A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information.	The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are ongoing to clarify the potential for eventual commercial development. This sub-class requires active appraisal or evaluation and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity and economic production.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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Class/Sub-Class	Definition	Guidelines
Development Not Viable	A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time because of limited production potential.	The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions. The project decision gate is the decision not to undertake further data acquisition or studies on the project for the foreseeable future.
Prospective Resources	Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.	Potential accumulations are evaluated according to the chance of geologic discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.
Prospect	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.	Project activities are focused on assessing the chance of geologic discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.
Lead	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the Lead can be matured into a Prospect. Such evaluation includes the assessment of the chance of geologic discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.
Play	A project associated with a prospective trend of potential prospects, but that requires more data acquisition and/or evaluation to define specific Leads or Prospects.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific Leads or Prospects for more detailed analysis of their chance of geologic discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

Table 2—Reserves Status Definitions and Guidelines

Status	Definition	Guidelines
Developed Reserves	Expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-producing.
Developed Producing Reserves	Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.	Improved recovery Reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Shut-in and behind-pipe Reserves.	Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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Status	Definition	Guidelines
Undeveloped Reserves	Quantities expected to be recovered through future significant investments.	Undeveloped Reserves are to be produced (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Table 3—Reserves Category Definitions and Guidelines

Category	Definition	Guidelines
Proved Reserves	Those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations.	If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data. In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the LKH as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves. Reserves in undeveloped locations may be classified as Proved provided that: A. The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially mature and economically productive. B. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.
Probable Reserves	Those additional Reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.	It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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Category	Definition	Guidelines
Possible Reserves	Those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves.	The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability (P10) that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of economic production from the reservoir by a defined, commercially mature project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.
Probable and Possible Reserves	See above for separate criteria for Probable Reserves and Possible Reserves.	The 2P and 3P estimates may be based on reasonable alternative technical interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing faults until this reservoir is penetrated and evaluated as commercially mature and economically productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil elevation and there exists the potential for an associated gas cap, Proved Reserves of oil should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

ABBREVIATIONS

°F	degrees Fahrenheit
1U	low estimate scenario of prospective resources
2U	best estimate scenario of prospective resources
3U	high estimate scenario of prospective resources
BCF	billions of cubic feet
Capricorn	Capricorn Energy PLC
FCA	Financial Conduct Authority
GOR	gas-oil ratio
GRV	gross rock volume
m	meters
MMBBL	millions of barrels
MTR	meters
NewMed	NewMed Energy – Limited Partnership
NSAI	Netherlands, Sewell & Associates, Inc.
NTG	net-to-gross ratio
P _g	probability of geologic success
PRMS	Petroleum Resources Management System
psi	pounds per square inch
RB/STB	reservoir barrels per stock tank barrel
report	Competent Person's Report
SCF/STB	standard cubic feet per stock tank barrel
SPE	Society of Petroleum Engineers
SPE Standards	Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE
S _w	water saturation

TABLE OF CONTENTS

TECHNICAL DISCUSSION

1.0	General Overview	1
2.0	Regional Geology	1
2.1	Basin Overview	1
2.2	Stratigraphy	2
2.3	Structure and Hydrocarbon Migration	3
3.0	Overview of Leases I/14 and I/15	3
3.1	License Terms and Ownership	3
3.2	Development Plan and Facilities	3
4.0	Data and Methodology	3
4.1	Geology and Gross Rock Volume	4
4.2	Petrophysics	4
4.3	Pressure-Volume-Temperature Properties and Recovery Factors	4
4.4	Original Oil-in-Place and Recoverable Volumes	5
5.0	Prospective Resources	5
5.1	Lower Cretaceous Channel Prospect	6
5.2	Mesozoic Carbonate Prospect	6
6.0	Reconciliations with Previous NSAI Estimates	6

FIGURES

Location Map	1
Stratigraphic Column – Levant Basin	2
Prospect Location Map	3
Volumetric Input Summary	4
Summary of Unrisked Prospective Resources	5

TECHNICAL DISCUSSION

**TECHNICAL DISCUSSION
LEVIATHAN DEEP PROSPECTS
LEASES I/14 AND I/15, OFFSHORE ISRAEL**

1.0 GENERAL OVERVIEW

Netherlands, Sewell & Associates, Inc. (NSAI) has estimated the unrisked prospective resources, as of September 30, 2022, to the NewMed Energy – Limited Partnership (NewMed) working interest in two Leviathan Deep prospects located in Leases I/14 and I/15, offshore Israel. A location map for Leases I/14 and I/15 is shown on Figure 1.

The estimates in this Competent Person's Report (report) have been prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE) and in accordance with the recommendations of the Financial Conduct Authority (FCA), as set out in Primary Market Technical Note 619.1 – the Guidelines on disclosure requirements under the Prospectus Regulation and Guidance on specialist issuers published by the FCA.

For the purposes of this report, we used technical and economic data including, but not limited to, well logs from offset wells, geologic maps, seismic data, and property ownership interests. The prospective resources in this report have been estimated using probabilistic methods; these estimates have been prepared in accordance with generally accepted petroleum engineering and evaluation principles set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE. We used standard engineering and geoscience methods, or a combination of methods, including volumetric analysis and analogy, that we considered to be appropriate and necessary to classify, categorize, and estimate volumes in accordance with the 2018 PRMS definitions and guidelines. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

2.0 REGIONAL GEOLOGY

2.1 BASIN OVERVIEW

The Leviathan Deep prospects are located in the Levant Basin of the Eastern Mediterranean region. The eastern extent of the basin is marked by the Levant Transform Zone (Dead Sea Transform), the western edge of the basin is delineated by the Nile Delta Cone and the Eratosthenes Seamount, and the northern border is defined by the Taurus Fault Zone (Cyprian Arc). A generalized stratigraphic column of the Levant Basin is shown on Figure 2. Formation of the basin was initiated during the Permian through a series of rifting phases associated with the breakup of Gondwana and the formation of the Tethys Sea. The sequence of rifting events produced a faulted basement that exhibited a tilted block pattern with pronounced highs and lows and a northeast-to-southwest orientation. The rifting, which ended in the Middle Jurassic, was followed by post-rift cooling and subsidence of the basin. Beginning in the Middle Jurassic, the basin was a major depocenter and accommodated distal clastic and carbonate sedimentation. Convergence of the African, Arabian, and Eurasian Plates began during the Upper Cretaceous, causing compression of the Levant Basin margin and forming a series of folds and reverse faults, often referred to as the Syrian Arc

fold belt. These folds are interpreted to have been caused by reactivation, in a reverse motion, of deep-seated normal faults created during the rifting stage.

During the late Eocene, a significant regressive sequence occurred as the shoreline retreated hundreds of kilometers to the west. This regression exposed large parts of the previously submerged Arabian platform carbonates. As a result, a regional continental drainage system began to transport terrigenous material toward the sea. An Oligocene unconformity separates the older carbonate section from the overlying late Oligocene- to Miocene-aged siliciclastic sediments. The Oligo-Miocene interval is capped by a thick late Miocene evaporitic deposit that was formed during a major regressive sequence known as the Messinian Salinity Crisis. This deposit is covered by a Plio-Pleistocene fine-grained siliciclastic wedge formed during the subsequent transgressive sequence.

2.2 STRATIGRAPHY

In the Levant Basin, the pre-rift Paleozoic is predominantly characterized by terrestrial and shallow marine deposits that sit on crystalline basement. The Triassic and Lower Jurassic are composed of carbonate, siliciclastic, and evaporitic sequences of the Ramon and Arad Groups that are reflective of a wide continental to shallow marine platform.

A regional unconformity was established during a lowstand period in the Lower Cretaceous. Volcanic and tectonic activity also occurred at this time along with sedimentation. The Gevar'am Group consists of organic-rich marine shales with conglomerate and sandstone intercalations, and it was deposited during this period. The Talme Yafe Group unconformably overlies the Gevar'am Group and is characterized by calcium-rich turbidite deposits that extend deep into the basin. Middle Cretaceous deposition was influenced by frequent sea level changes that generated large carbonate platforms on the basin margins, such as the limestone and dolomite sequences of the Judea Group and isolated carbonate buildups on offshore highs.

Significant sea level rise and formation of the Syrian Arc anticlines took place in the Upper Cretaceous. Deposition of the pelagic chalks, marls, and shales of the Negba, Dalya, and Ghareb Formations was taking place concurrently. These sequences are generally characterized by high organic content.

From the Oligocene to early Miocene, rapid deepwater deposition dominated by the Proto-Nile occurred within the basin. The Bet Guvrin Formation, which contains the Tamar Sands, was among the sand-rich sequences that were deposited during this time. These turbidite sands are regionally extensive and serve as gas-bearing reservoirs in a number of discoveries within the basin, including Leviathan Field, which overlies the Leviathan Deep prospect area.

In the late Miocene, the Mediterranean Sea was isolated from the Atlantic Ocean and became an expansive hypersaline basin. In the eastern Mediterranean, this Messinian Salinity Crisis resulted in the deposition of the thick evaporitic Mavqi'im Formation.

Sea level in the Mediterranean rose again in the Pliocene with ensuing deposition of hemipelagic clays and marls of the Plio-Pleistocene Yafo Formation. These events were followed by another drop in sea level as sedimentation continued with deposition of turbidite sands. These sands have proved to be gas-bearing reservoirs throughout the region. Hemipelagic deposition resumed when sea levels rose again. As the rate of sedimentation increased, progradation of highstand deposits occurred. In some areas, this resulted in over 1,000 meters (m) of sediment thickness within the Yafo Formation. Closer to the coastline, the Pleshet Formation conformably overlies the Yafo Formation.

2.3 STRUCTURE AND HYDROCARBON MIGRATION

Formation of the combination structural and stratigraphic trap that defines the Lower Cretaceous Channel prospect was likely initiated at the onset of the early Cretaceous when the channel system was active. Late Cretaceous compression associated with Syrian Arc tectonics resulted in a positive structural expression. The prospect is located off the western flank of the prominent structural high that defines the Mesozoic Carbonate prospect and on top of potential hydrocarbon migration pathways.

The Mesozoic Carbonate prospect is interpreted to be an isolated carbonate buildup that is sealed by the overlying Paleogene strata. Being a prominent high in the deep basin since at least the late Cretaceous, the structure may have constituted a focal point for catchment of hydrocarbons migrating from a significant surrounding fetch area.

3.0 OVERVIEW OF LEASES I/14 AND I/15

The Leviathan Deep prospects are located offshore Israel on Lease I/14 (Leviathan South) and on Lease I/15 (Leviathan North), approximately 120 kilometers west of Haifa, as shown on Figure 1. A map showing the prospect locations is shown on Figure 3. Leviathan Field, which is also located on these leases, has been producing gas at shallower depths since December 2019. Water depth in the field area is approximately 1,700 m.

3.1 LICENSE TERMS AND OWNERSHIP

Leases I/14 and I/15 have a 30-year primary term that began on February 14, 2014. After the primary term expires on February 13, 2044, the leaseholders can extend the lease for up to two additional 10-year terms, dependent on governmental approval. Each licensee's ownership interest is the same for both leases: NewMed owns a 45.34 percent working interest; Chevron Mediterranean Limited, the operator of the prospects, owns a 39.66 percent working interest; and Ratio Oil Exploration (1992) Limited Partnership owns the remaining 15.00 percent working interest.

3.2 DEVELOPMENT PLAN AND FACILITIES

There are no wells or facilities currently associated with the Leviathan Deep prospects. We are not currently aware of any near-term plans to drill an exploration well to test the prospects for hydrocarbons and to understand the potential of a future development. Depending on the results of an initial exploration well, a development plan would be created which might utilize a portion of the existing facilities that service production from Leviathan Field.

4.0 DATA AND METHODOLOGY

All data for this evaluation were provided by NewMed and Chevron Mediterranean Limited. The pertinent geologic information provided included a 3-D seismic data set and reports from studies related to the tectonic history of the basin and evaluation of potential source rocks in the region. NewMed also provided seismic-based structural interpretations for each prospect. Fluid data from other wells drilled in the basin and surrounding areas were also considered in our analysis.

For both prospects, inputs for probabilistic methods were based on structural interpretation from the seismic data and reservoir parameters that were based on well data provided from offset fields and publicly available data from within the basin.

4.1 GEOLOGY AND GROSS ROCK VOLUME

The Leviathan Deep prospects are covered by a 3-D seismic data set that was acquired in 2009 by Petroleum Geo-Services and reprocessed in 2019 by WesternGeco. All seismic interpretation was performed on the depth-migrated data. The seismic data were reviewed against existing structural interpretations for each prospect. When a discrepancy was identified, changes were made to produce a final interpretation that accurately represents the data. Low and high case estimates of potential fluid contacts were derived for each prospect. The structural interpretations and estimated fluid contacts were used to define the range of gross rock volume (GRV) for input into the original oil-in-place calculations. A portion of the high estimate GRV for each prospect extends beyond the lease boundaries; however, because the range of GRVs is defined by a lognormal distribution, the portion of the best estimate GRV for each prospect that extends beyond the lease boundaries is immaterial.

4.2 PETROPHYSICS

Each prospect was assigned ranges of petrophysical parameters that are based on evaluation of regional well data and global analog data relevant to these reservoirs. The key rock properties used as inputs into the probabilistic model are net-to-gross ratio (NTG), porosity, and water saturation (S_w). The magnitude of the range for each parameter was guided by the amount of information available on the specific reservoir in addition to the distance of the prospect from known data.

4.3 PRESSURE-VOLUME-TEMPERATURE PROPERTIES AND RECOVERY FACTORS

The crest of the Leviathan Deep prospects' structure is at a depth of approximately 6,000 m true vertical depth subsea. In order to estimate the expected reservoir temperature and pressure at this depth, we extrapolated formation test data taken in the existing Leviathan wells, which are several hundred meters shallower than the Leviathan Deep prospects. The expected temperatures of the Leviathan Deep prospects are between 210°F and 230°F. While deepening the Leviathan 1 well, a significant increase in the pore pressure gradient (from approximately 10 to 12 pounds per gallon) was observed near the total depth of the well. It is not clear whether the same pressure gradient increase will be observed in the Leviathan Deep prospects. The expected pressure range is between 10,000 and 12,500 psi.

Within the fluid samples taken in the shallower Leviathan reservoirs, there are thermogenic components that indicate an oily hydrocarbon source, potentially from the Mesozoic section. Also, offset wells near the shoreline that penetrate rocks of the same geologic age as the Leviathan Deep prospects showed evidence of oil. For these reasons, our estimates are based on the assumption that, if discoveries are made, the prospects would be oil filled. However, there is a high degree of uncertainty in the type of oil as well as the amount of associated gas; therefore, a wide range of formation volume factors and dissolved gas-oil ratios (GORs) have been used in our Monte Carlo simulation.

The uncertainty regarding the fluid and rock types that may be present in these prospects results in a corresponding high degree of uncertainty in the recovery factors expected; therefore, we have used a wide range of recovery factors in our Monte Carlo simulation to estimate the prospective resources.

4.4 ORIGINAL OIL-IN-PLACE AND RECOVERABLE VOLUMES

For our probabilistic estimates of prospective resources, we used ranges of GRV, NTG, porosity, S_w , oil formation volume factor, GOR, and oil recovery factor; these ranges were applied in a Monte Carlo simulation model. Estimates of original oil-in-place and recoverable volumes were then selected from the resulting probabilistic output. The input parameters used in our probabilistic analysis are summarized in a table shown on Figure 4.

5.0 PROSPECTIVE RESOURCES

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. The prospective resources included in this report should not be construed as reserves or contingent resources; they represent exploration opportunities and quantify the development potential in the event a petroleum discovery is made. A geologic risk assessment was performed for these prospects. This report does not include economic analysis for these prospects. Based on analogous field developments, it appears that, assuming a discovery is made, the unrisks best estimate prospective resources in this report have a reasonable chance of being economically viable.

The prospective resources shown in this report have been estimated using probabilistic methods and are dependent on a petroleum discovery being made. If a discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the unrisks estimated amounts is 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. Prospective resources shown in this report include volumes that extend beyond the boundaries of Leases I/14 and I/15. Our estimates are based on the assumption that, if a discovery is made, the prospects would be oil filled; we have not included any sensitivity estimates that are based on the assumption that the prospects would be gas filled. A table summarizing our estimates of undiscovered original oil-in-place, unrisks gross (100 percent) prospective resources, and working interest prospective resources is shown on Figure 5.

Unrisks prospective resources are estimated ranges of recoverable oil and gas volumes assuming their discovery and development and are based on estimated ranges of undiscovered in-place volumes. Geologic risking of prospective resources addresses the probability of success for the discovery of a significant quantity of potentially recoverable petroleum; this risk analysis is conducted independent of estimations of petroleum volumes and without regard to the chance of development. Principal geologic risk elements of the petroleum system include (1) trap and seal characteristics; (2) reservoir presence and quality; (3) source rock capacity, quality, and maturity; and (4) timing, migration, and preservation of petroleum in relation to trap and seal formation. Risk assessment is a highly subjective process dependent upon the experience and judgment of the evaluators and is subject to revision with further data acquisition or interpretation. The geologic risk elements and overall probability of geologic success (P_g) for each prospect are shown in the following table:

Prospect	Geologic Risk Element (%)				P_g (%)
	Trap Integrity	Reservoir Quality	Source Evaluation	Timing/Migration	
Lower Cretaceous Channel	45	70	80	75	19
Mesozoic Carbonate	40	70	80	80	18

5.1 LOWER CRETACEOUS CHANNEL PROSPECT

The Lower Cretaceous Channel Prospect trends in a north-to-south direction. The channel limits have been mapped using seismic data and the prospect is supported by an amplitude anomaly. The amplitude is interpreted to indicate lithology within the channel rather than hydrocarbon fill. The low case fluid contact is defined by a localized structural high near the center of the channel footprint, while the high case assumes the channel is filled to its stratigraphic limits. Ranges for petrophysical parameters were built based on shallower well penetrations while taking into account potential effects of increased overburden at the prospect depth. The primary geologic risk element for this prospect is trap integrity.

5.2 MESOZOIC CARBONATE PROSPECT

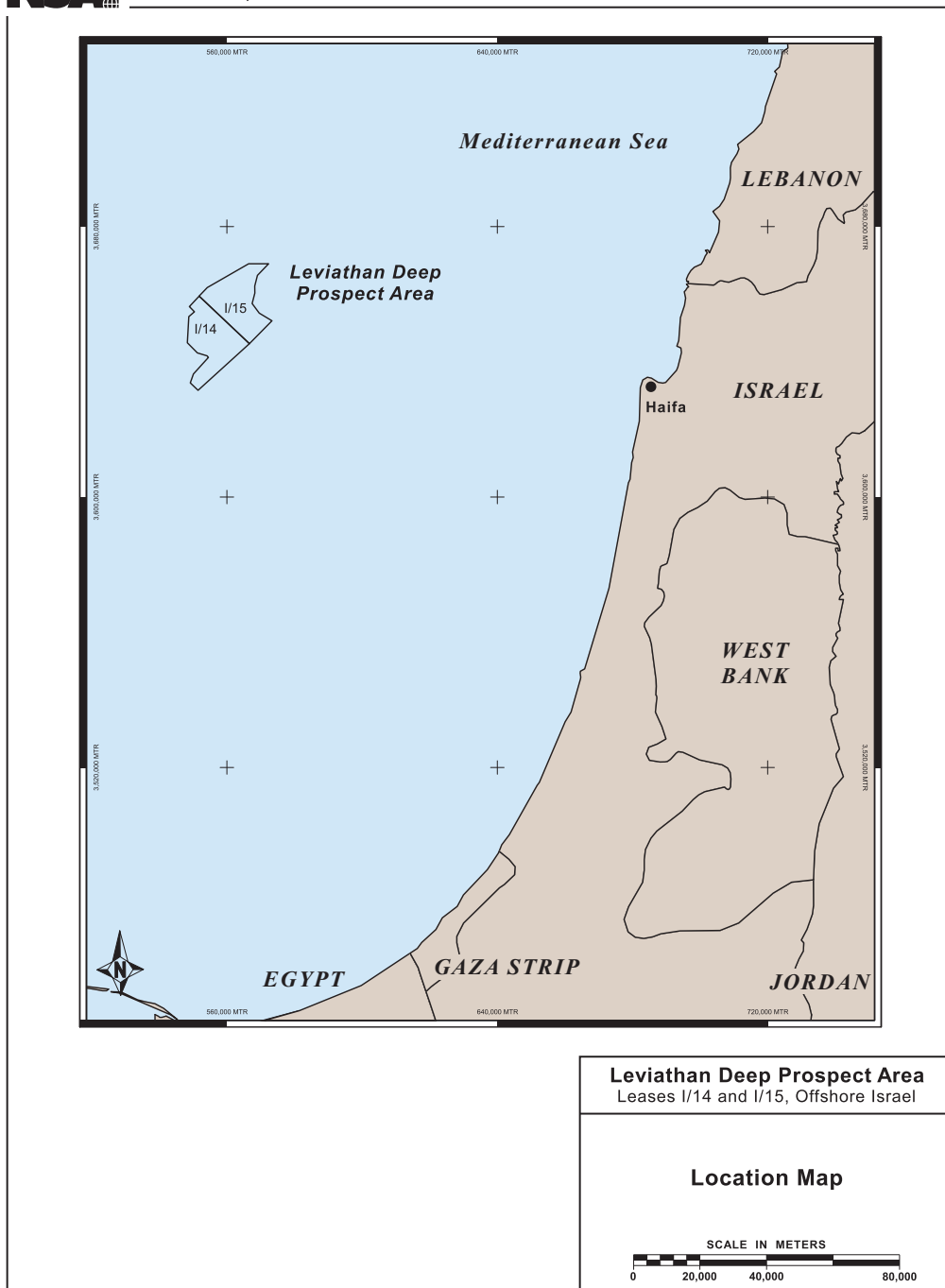
The Mesozoic Carbonate Prospect, located east of the Lower Cretaceous Channel Prospect, is mapped as a four-way structure that is interpreted to be a carbonate buildup, similar to the nearby Calypso, Glaucus, and Zohr Discoveries. The interface of the buildup feature with the surrounding sediments provides seismic response that allows for reasonably confident mapping of the structure. Seismic reflectivity within the structure itself is limited, making it difficult to confidently map internal depositional features, and no associated amplitudes are present to indicate potential hydrocarbon presence or level of fill. However, some studies within the basin have produced encouraging results with respect to potential hydrocarbon sources relevant to this prospect. A maximum column height of 200 m has been used for the low case while a maximum column height of 800 m has been used for the high case. The ranges used for petrophysical parameters were estimated from analog discoveries and offset wells. The primary geologic risk element for this prospect is trap integrity.

6.0 RECONCILIATIONS WITH PREVIOUS NSAI ESTIMATES

NSAI previously prepared a report for these prospects dated January 21, 2020, with an effective date of December 31, 2019. In accordance with FCA recommendations, we have prepared the discussion below to serve as the reconciliation between our current estimates and our historical estimates as of December 31, 2019.

Since our report dated January 21, 2022, nothing has come to our attention regarding the Leviathan Deep prospects that could cause us to make any revisions; as such, our estimates remain unchanged when compared to our report dated January 21, 2022.

FIGURES



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 1

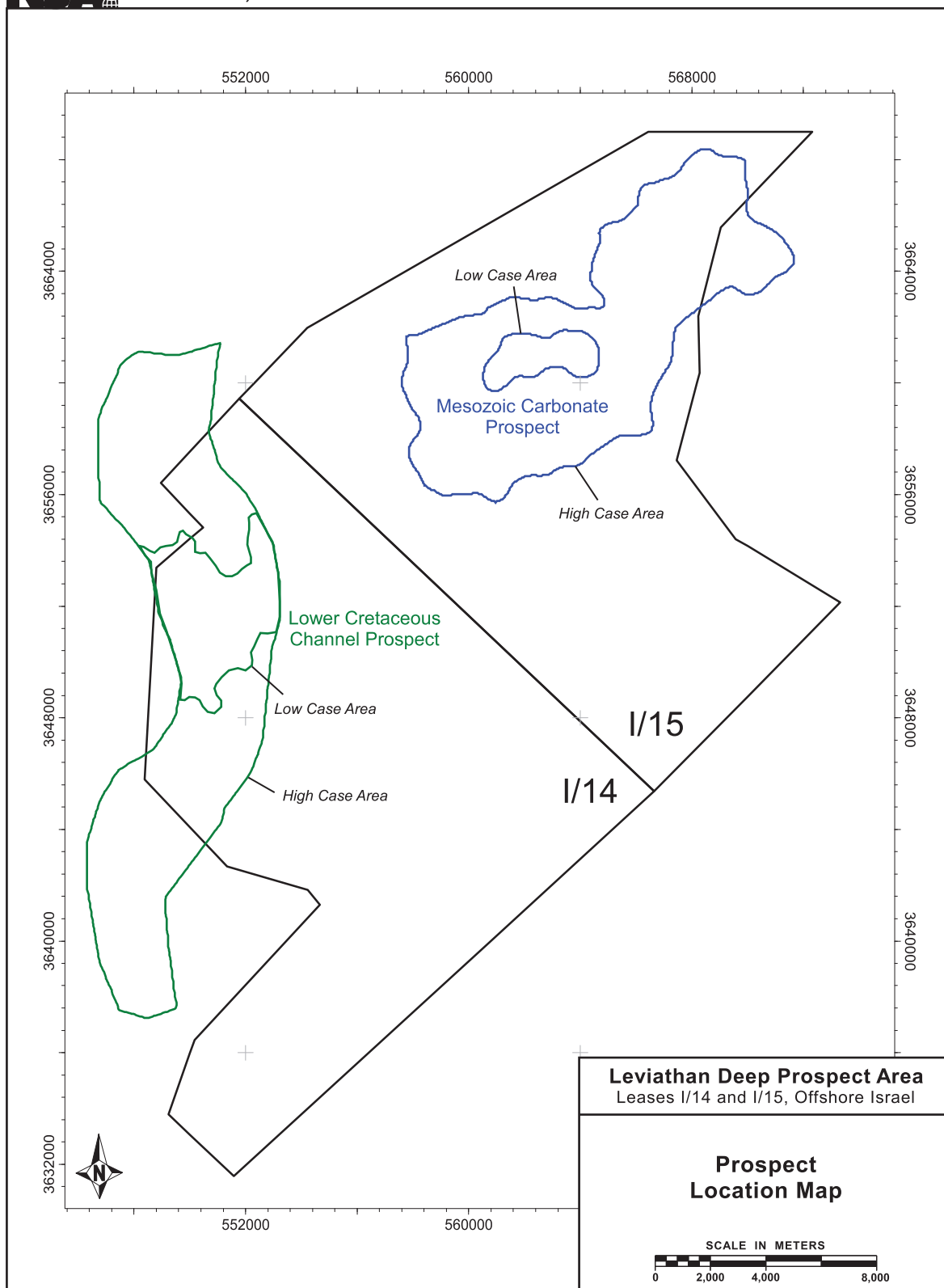
Stratigraphic Column
Levant Basin
Offshore Israel

Chronostratigraphy				Lithostratigraphy (Basin)		Lithostratigraphy (Shelf)	
Cenozoic	Neogene	Pliocene		Saqiyé Group	Yafo Formation	Amora Formation	
		Miocene	Messinian		Mavqi'im Formation	Sedom Formation	
			Tortonian		Ziqim Formation	Hazeva, Hordos Groups	
			Serravalian				
			Langhian				
			Burdigalian				
	Aquitanian						
	Paleogene	Oligocene	Chatthian	Bet Guvrin Formation	Lakhish Formation Ashdod Clastics		
			Rupelian				
		Eocene	Priabonian	Hashefela Group	Avedat Group		
			Bartonian				
			Lutetian				
Ypresian							
Paleocene		Thanetian	Taqiyé Formation		Mount Scopus Group		
		Selandian					
		Danian					
Mesozoic	Cretaceous	Upper	Maastrichtian		Talme Yafe Group	Ghareb Formation	Judea Group
			Campanian			Mishash Formation	
			Santonian	Menuha Formation			
			Coniacian				
			Cenomanian-Turonian	Dalyya, Bina Formations		Yehudá Group	
				Negba Formation			
			Yagur Formation				
		Lower	Albian		Yakhini Formation	Kurnub Group	
					Yavne Shale		
			Aptian	Gevar'am Group	Telamim Formation		
	Barremian		Helez Formation				
	Hauterivian						
	Valanginian						
	Berriasian						
	Jurassic	Upper	Tithonian	Yan Formation	Halutza Formation	Arad Group	
			Oxfordian-Kimmeridgian	Delta Formation	Beer Sheva Formation		
		Middle	Bathonian-Callovian		Kidod Formation		
			Aalenian-Bajocian		Zohar Formation		
		Lower	Toarcian		Karmon Formation		Barnea, Shederot, Daya Formations
			Pliensbachian		Rosh Pina Formation		
			Hettangian-Sinemurian	Qeren Formation			
		Triassic	Upper	Rhaetian	Yan Formation	Lower Inmar Formation	Ramon Group
				Norian		Ardon Formation	
				Carnian		Mishhor Formation	
	Middle		Ladinian	Mohila Formation	Saharonim Formation		
Anisian			Gevanim Formation				
Lower	Scythian		Ra'af Formation		Zafir Formation		
			Yamin Formation				
Paleozoic			Permian	Arqov Formation	Negev Group		
Saad Formation							
Precambrian				Zenifm Group	Crystalline Basement		

Adapted from a figure in "Sequence-Stratigraphic Analysis of the Mesozoic in Southwestern Israel", AAPG Bulletin, v. 95, No. 10 (October 2011), p. 1767.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 2



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 3

VOLUMETRIC INPUT SUMMARY
LEVIATHAN DEEP PROSPECTS, LEASES I/14 AND I/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Prospect	Gross Rock Volume (acre-feet)		Area (acres)		Average Gross Thickness ⁽¹⁾ (feet)		Net-to-Gross Ratio (decimal)			Porosity (decimal)		
	Lognormal Distribution		Lognormal Distribution				Triangular Distribution			Triangular Distribution		
	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
Lower Cretaceous Channel	660,818	17,297,896	4,628	22,380	143	773	0.20	0.50	0.80	0.12	0.17	0.22
Mesozoic Carbonate	370,734	16,051,915	1,443	19,619	257	818	0.20	0.50	0.80	0.10	0.15	0.25

Prospect	Oil Saturation (decimal)			Initial Oil Formation Volume Factor (RB/STB)		Average Producing Gas-Oil Ratio (SCF/STB)		Oil Recovery Factor (decimal)	
	Triangular Distribution			Uniform Distribution		Uniform Distribution		Normal Distribution	
	Low Estimate	Best Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
Lower Cretaceous Channel	0.55	0.65	0.75	2.20	1.10	200	2,200	0.15	0.45
Mesozoic Carbonate	0.45	0.65	0.85	2.20	1.10	200	2,200	0.15	0.45

⁽¹⁾ Average gross thickness is calculated by dividing the gross rock volume by the area.

Figure 4

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

SUMMARY OF UNRISKED PROSPECTIVE RESOURCES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
LEVIATHAN DEEP PROSPECTS, LEASES I/14 AND I/15, OFFSHORE ISRAEL
AS OF SEPTEMBER 30, 2022

Prospect	Undiscovered Original Oil-in-Place (MMBBL)			Unrisked Gross (100%) Prospective Resources					
	Low Estimate	Best Estimate	High Estimate	Low Estimate (1U)		Best Estimate (2U)		High Estimate (3U)	
				Oil (MMBBL)	Gas (BCF)	Oil (MMBBL)	Gas (BCF)	Oil (MMBBL)	Gas (BCF)
Lower Cretaceous Channel	192.2	798.0	2,618.6	47.3	45.2	223.9	229.2	813.7	886.8
Mesozoic Carbonate	101.4	557.9	2,535.0	26.6	25.4	155.3	161.0	766.6	826.8

Prospect	Unrisked Working Interest Prospective Resources						Probability of Geologic Success (%)
	Low Estimate (1U)		Best Estimate (2U)		High Estimate (3U)		
	Oil	Gas	Oil	Gas	Oil	Gas	
	(MMBBL)	(BCF)	(MMBBL)	(BCF)	(MMBBL)	(BCF)	
Lower Cretaceous Channel	21.5	20.5	101.5	103.9	368.9	402.1	19
Mesozoic Carbonate	12.1	11.5	70.4	73.0	347.6	374.9	18

Note: Totals of unrisked prospective resources beyond the prospect level are not reflective of volumes that can be expected to be recovered and are therefore not shown. Because of the geologic risk associated with each prospect, meaningful totals beyond this level can be defined only by summing risked prospective resources. Such risk is often significant.

Figure 5

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

SECTION C

APHRODITE RESOURCES CONSULTANT'S REPORT

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ESTIMATES
of
UNRISKED CONTINGENT
AND PROSPECTIVE RESOURCES
to the
NEWMED ENERGY – LIMITED PARTNERSHIP
WORKING INTEREST
in
DISCOVERIES AND PROSPECTS
located in the
APHRODITE FIELD AREA
BLOCK 12, OFFSHORE CYPRUS
as of
SEPTEMBER 30, 2022

COMPETENT PERSON'S REPORT



NSAII
NETHERLAND, SEWELL
& ASSOCIATES, INC.

WORLDWIDE PETROLEUM
CONSULTANTS
ENGINEERING • GEOLOGY
GEOPHYSICS • PETROPHYSICS

January 11, 2023

NewMed Energy – Limited Partnership
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50 Lothian Road
Edinburgh EH3 9BY
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N.M. Rothschild & Sons Limited
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St Swithin's Lane
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Ladies and Gentlemen:

In accordance with the request of NewMed Energy – Limited Partnership (NewMed), we have estimated the unrisked contingent and prospective resources, as of September 30, 2022, to the NewMed working interest in discoveries and prospects located in the Aphrodite Field Area, Block 12, offshore Cyprus. Resources that extend beyond Block 12 have not been included in this Competent Person's Report (report). We completed our evaluation on or about the date of this letter. Gross volumes shown in this report are 100 percent of the volumes expected to be produced from the discoveries and prospects.

The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE) and in accordance with the recommendations of the Financial Conduct Authority (FCA), as set out in Primary Market Technical Note 619.1 – the Guidelines on disclosure requirements under the Prospectus Regulation and Guidance on specialist issuers published by the FCA. As presented in the 2018 PRMS, petroleum accumulations can be classified, in decreasing order of likelihood of commerciality, as reserves, contingent resources, or prospective resources. Different classifications of petroleum accumulations have varying degrees of technical and commercial risk that are difficult to quantify; thus reserves, contingent resources, and prospective resources should not be aggregated without extensive consideration of these factors. Definitions are presented immediately following this letter. Following the definitions is a list of abbreviations used in this report. This report has been prepared for use by NewMed and Capricorn Energy PLC (Capricorn) in connection with a proposed transaction. In our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose.

CONTINGENT RESOURCES

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. The contingent resources shown in this report are contingent upon finalization and sanctioning of the development plan, execution of gas purchase and sales agreements, and commitment to develop the resources. If these contingencies are successfully addressed, some portion of the contingent resources estimated in this report may be reclassified as reserves; our estimates have not been risked to account for the possibility that the contingencies are not successfully addressed. This report does not include economic analysis for the discoveries. Based on analogous field developments, it appears that the best estimate contingent resources in this report have a reasonable chance of being economically viable. The project maturity subclass for these contingent resources is development pending.

January 11, 2023
Page 2 of 6

We estimate the unrisks gross contingent resources for the Aphrodite Field Area by reservoir, as of September 30, 2022, to be:

Reservoir	Unrisks Gross (100%) Contingent Resources					
	Low Estimate (1C)		Best Estimate (2C)		High Estimate (3C)	
	Gas (BCF)	Condensate (MMBBL)	Gas (BCF)	Condensate (MMBBL)	Gas (BCF)	Condensate (MMBBL)
A Sand	18.7	0.0	87.3	0.2	117.2	0.3
C Sand	1,539.4	3.1	2,269.1	5.0	2,946.7	7.1
D1 Upper Sand	55.9	0.1	267.6	0.6	365.0	0.9
D1 Middle Sand	12.1	0.0	190.7	0.4	306.1	0.7
D1 Lower Sand	64.9	0.1	196.5	0.4	250.7	0.6
D2 Upper Sand	236.6	0.5	330.0	0.7	367.2	0.9
D2 Middle Sand	61.3	0.1	104.9	0.2	132.1	0.3
D2 Lower Sand	17.9	0.0	30.6	0.1	61.4	0.1

We estimate the NewMed unrisks working interest contingent resources for the Aphrodite Field Area by reservoir, as of September 30, 2022, to be:

Reservoir	Unrisks Working Interest Contingent Resources					
	Low Estimate (1C)		Best Estimate (2C)		High Estimate (3C)	
	Gas (BCF)	Condensate (MMBBL)	Gas (BCF)	Condensate (MMBBL)	Gas (BCF)	Condensate (MMBBL)
A Sand	5.6	0.0	26.2	0.1	35.2	0.1
C Sand	461.8	0.9	680.7	1.5	884.0	2.1
D1 Upper Sand	16.8	0.0	80.3	0.2	109.5	0.3
D1 Middle Sand	3.6	0.0	57.2	0.1	91.8	0.2
D1 Lower Sand	19.5	0.0	58.9	0.1	75.2	0.2
D2 Upper Sand	71.0	0.1	99.0	0.2	110.1	0.3
D2 Middle Sand	18.4	0.0	31.5	0.1	39.6	0.1
D2 Lower Sand	5.4	0.0	9.2	0.0	18.4	0.0

Gas volumes are expressed in billions of cubic feet (BCF) at standard temperature and pressure bases. Condensate volumes are expressed in millions of barrels (MMBBL); a barrel is equivalent to 42 United States gallons.

The contingent resources shown in this report have been estimated using deterministic methods. Once all contingencies have been successfully addressed, the approximate probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is generally inferred to be 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. The estimates of contingent resources included herein have not been adjusted for development risk.

PROSPECTIVE RESOURCES

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. The prospective resources included in this report should not be construed as reserves or contingent resources; they represent exploration

January 11, 2023
Page 3 of 6

opportunities and quantify the development potential in the event a petroleum discovery is made. A geologic risk assessment was performed for these prospects, as discussed in subsequent paragraphs. This report does not include economic analysis for these prospects. Based on analogous field developments, it appears that, assuming a discovery is made, a portion of the unrisked best estimate prospective resources in this report have a reasonable chance of being economically viable.

Totals of unrisked prospective resources beyond the prospect level are not reflective of volumes that can be expected to be recovered and are therefore not shown. Because of the geologic risk associated with each prospect, meaningful totals beyond this level can be defined only by summing risked prospective resources. Such risk is often significant.

We estimate the unrisked gross prospective resources and the probability of geologic success (P_g) for the Aphrodite Field Area by fault block, as of September 30, 2022, to be:

Fault Block/Prospect	Unrisked Gross (100%) Prospective Resources						P _g (%)
	Low Estimate (1U)		Best Estimate (2U)		High Estimate (3U)		
	Gas (BCF)	Condensate (MMBBL)	Gas (BCF)	Condensate (MMBBL)	Gas (BCF)	Condensate (MMBBL)	
Central							
D1 Upper Sand	98.1	0.2	163.3	0.4	269.8	0.6	95
D1 Middle Sand	46.0	0.1	104.6	0.2	246.9	0.6	85
D1 Lower Sand	125.4	0.3	190.7	0.4	281.4	0.7	95
D2 Upper Sand	164.5	0.3	348.8	0.8	796.1	1.9	95
D2 Middle Sand	2.5	0.0	22.6	0.0	246.8	0.6	75
D2 Lower Sand	0.1	0.0	3.4	0.0	185.2	0.4	85
Southwest							
A Sand	3.8	0.0	9.8	0.0	18.5	0.0	70
C Sand	33.0	0.1	52.3	0.1	81.0	0.2	95
D1 Upper Sand	0.3	0.0	2.8	0.0	26.2	0.1	90
D1 Middle Sand	0.0	0.0	0.8	0.0	17.0	0.0	80
D1 Lower Sand	1.7	0.0	4.0	0.0	10.1	0.0	90
D2 Upper Sand	0.7	0.0	7.4	0.0	86.9	0.2	95
D2 Middle Sand	0.0	0.0	1.0	0.0	24.3	0.1	70
D2 Lower Sand	0.1	0.0	1.1	0.0	21.3	0.1	80

We estimate the NewMed unrisked working interest prospective resources and the P_g for the Aphrodite Field Area by fault block, as of September 30, 2022, to be:

Fault Block/Prospect	Unrisked Working Interest Prospective Resources						P _g (%)
	Low Estimate (1U)		Best Estimate (2U)		High Estimate (3U)		
	Gas	Condensate	Gas	Condensate	Gas	Condensate	
	(BCF)	(MMBBL)	(BCF)	(MMBBL)	(BCF)	(MMBBL)	
Central							
D1 Upper Sand	29.4	0.1	49.0	0.1	80.9	0.2	95
D1 Middle Sand	13.8	0.0	31.4	0.1	74.1	0.2	85
D1 Lower Sand	37.6	0.1	57.2	0.1	84.4	0.2	95
D2 Upper Sand	49.4	0.1	104.7	0.2	238.8	0.6	95
D2 Middle Sand	0.8	0.0	6.8	0.0	74.1	0.2	75
D2 Lower Sand	0.0	0.0	1.0	0.0	55.6	0.1	85

January 11, 2023
Page 4 of 6

Fault Block/Prospect	Unrisked Working Interest Prospective Resources						P _g (%)
	Low Estimate (1U)		Best Estimate (2U)		High Estimate (3U)		
	Gas (BCF)	Condensate (MMBBL)	Gas (BCF)	Condensate (MMBBL)	Gas (BCF)	Condensate (MMBBL)	
Southwest							
A Sand	1.1	0.0	2.9	0.0	5.6	0.0	70
C Sand	9.9	0.0	15.7	0.0	24.3	0.1	95
D1 Upper Sand	0.1	0.0	0.8	0.0	7.9	0.0	90
D1 Middle Sand	0.0	0.0	0.2	0.0	5.1	0.0	80
D1 Lower Sand	0.5	0.0	1.2	0.0	3.0	0.0	90
D2 Upper Sand	0.2	0.0	2.2	0.0	26.1	0.1	95
D2 Middle Sand	0.0	0.0	0.3	0.0	7.3	0.0	70
D2 Lower Sand	0.0	0.0	0.3	0.0	6.4	0.0	80

The prospective resources shown in this report have been estimated using probabilistic methods and are dependent on a petroleum discovery being made. If a discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the unrisked estimated amounts is 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate.

Unrisked prospective resources are estimated ranges of recoverable gas and condensate volumes assuming their discovery and development and are based on estimated ranges of undiscovered in-place volumes. Geologic risking of prospective resources addresses the probability of success for the discovery of a significant quantity of potentially recoverable petroleum; this risk analysis is conducted independent of estimations of petroleum volumes and without regard to the chance of development. Principal geologic risk elements of the petroleum system include (1) trap and seal characteristics; (2) reservoir presence and quality; (3) source rock capacity, quality, and maturity; and (4) timing, migration, and preservation of petroleum in relation to trap and seal formation. Risk assessment is a highly subjective process dependent upon the experience and judgment of the evaluators and is subject to revision with further data acquisition or interpretation. The primary geologic risk element for these prospects is reservoir quality.

Each prospect was evaluated to determine ranges of in-place and recoverable petroleum and was risked as an independent entity without dependency between potential prospect drilling outcomes. If petroleum discoveries are made, smaller-volume prospects may not be commercial to independently develop, although they may become candidates for satellite developments and tie-backs to existing infrastructure at some future date. The development infrastructure and data obtained from early discoveries will alter both geologic risk and future economics of subsequent discoveries and developments.

It should be understood that the prospective resources discussed and shown herein are those undiscovered, speculative resources estimated beyond reserves or contingent resources where geological and geophysical data suggest the potential for discovery of petroleum but where the level of proof is insufficient for classification as reserves or contingent resources. The unrisked prospective resources shown in this report are the range of volumes that could reasonably be expected to be recovered in the event of the discovery and development of these prospects.

GENERAL INFORMATION

As shown in the Table of Contents, this report includes a technical discussion and pertinent figures.

January 11, 2023
Page 5 of 6

For the purposes of this report, we did not perform any field inspection of the discoveries and prospects. We have not investigated possible environmental liability related to the discoveries and prospects.

The contingent and prospective resources shown in this report are estimates only and should not be construed as exact quantities. Estimates may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance.

For the purposes of this report, we used technical and economic data including, but not limited to, well logs, geologic maps, seismic data, core data, well test data, and property ownership interests. The contingent and prospective resources in this report have been estimated using a combination of deterministic and probabilistic methods; these estimates have been prepared in accordance with generally accepted petroleum engineering and evaluation principles set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE (SPE Standards). We used standard engineering and geoscience methods, or a combination of methods, including volumetric analysis and analogy, that we considered to be appropriate and necessary to classify, categorize, and estimate volumes in accordance with the 2018 PRMS definitions and guidelines. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

The data used in our estimates were obtained from NewMed; Chevron Mediterranean Limited, the operator of the discoveries and prospects; public data sources; and the nonconfidential files of Netherland, Sewell & Associates, Inc. (NSAI) and were accepted as accurate. Supporting work data are on file in our office. We have not examined the contractual rights to the discoveries and prospects or independently confirmed the actual degree or type of interest owned. Neither NSAI nor any of the officers of NSAI have at the date of this report, have had within the previous two years, or expect to receive, any economic or beneficial interest (present or contingent) in the securities of NewMed or Capricorn or in any of the assets being evaluated in this report. NSAI and the officers of NSAI consider themselves to be independent of both NewMed and Capricorn, their directors, senior management, and other advisers. NSAI will receive a fee for the preparation of this report in accordance with normal professional consulting practices. This fee is not dependent on the findings of this report and NSAI will receive no other benefit for the preparation of this report.

QUALIFICATIONS

NSAI performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-2699. We provide a complete range of geological, geophysical, petrophysical, and engineering services, and we have the technical expertise and ability to perform these services in any oil and gas producing area in the world. The staff are familiar with the recognized industry reserves and resources definitions, specifically those promulgated by the U.S. Securities and Exchange Commission, by the Alberta Securities Commission, and by the SPE, Society of Petroleum Evaluation Engineers, World Petroleum Council, and American Association of Petroleum Geologists. The technical persons primarily responsible for preparing the estimates presented herein meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards.

This assessment has been led by Mr. John R. Cliver and Mr. Zachary R. Long. Mr. Cliver and Mr. Long are Vice Presidents in the firm's Houston office at 1301 McKinney Street, Suite 3200, Houston, Texas 77010, USA. Mr. Cliver is a Licensed Professional Engineer (Texas Registration No. 107216). He has been practicing consulting petroleum engineering at NSAI since 2009 and has over 5 years of prior industry experience. Mr. Long is a Licensed

January 11, 2023
Page 6 of 6

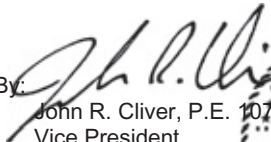
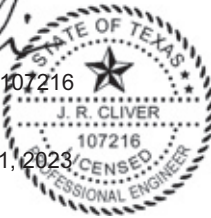
Professional Geoscientist (Texas Registration No. 11792). He has been practicing consulting petroleum geoscience at NSAI since 2007 and has over 2 years of prior industry experience.

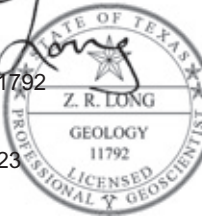
Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.
Texas Registered Engineering Firm F-2699

By: 

C.H. (Scott) Rees III, P.E.
Executive Chairman

By: 
John R. Cliver, P.E. 107216
Vice President
Date Signed: January 11, 2023
JRC:MDK


By: 
Zachary R. Long, P.G. 11792
Vice President
Date Signed: January 11, 2023


PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by
the Society of Petroleum Engineers (SPE) Board of Directors, June 2018

This document contains information excerpted from definitions and guidelines prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the SPE, World Petroleum Council, American Association of Petroleum Geologists, Society of Petroleum Evaluation Engineers, Society of Exploration Geophysicists, Society of Petrophysicists and Well Log Analysts, and European Association of Geoscientists & Engineers.

Preamble

Petroleum resources are the quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resources assessments estimate quantities in known and yet-to-be-discovered accumulations. Resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating projects, and presenting results within a comprehensive classification framework.

This updated PRMS provides fundamental principles for the evaluation and classification of petroleum reserves and resources. If there is any conflict with prior SPE and PRMS guidance, approved training, or the Application Guidelines, the current PRMS shall prevail. It is understood that these definitions and guidelines allow flexibility for entities, governments, and regulatory agencies to tailor application for their particular needs; however, any modifications to the guidance contained herein must be clearly identified. The terms "shall" or "must" indicate that a provision herein is mandatory for PRMS compliance, while "should" indicates a recommended practice and "may" indicates that a course of action is permissible. The definitions and guidelines contained in this document must not be construed as modifying the interpretation or application of any existing regulatory reporting requirements.

1.0 Basic Principles and Definitions

1.0.0.1 A classification system of petroleum resources is a fundamental element that provides a common language for communicating both the confidence of a project's resources maturation status and the range of potential outcomes to the various entities. The PRMS provides transparency by requiring the assessment of various criteria that allow for the classification and categorization of a project's resources. The evaluation elements consider the risk of geologic discovery and the technical uncertainties together with a determination of the chance of achieving the commercial maturation status of a petroleum project.

1.0.0.2 The technical estimation of petroleum resources quantities involves the assessment of quantities and values that have an inherent degree of uncertainty. These quantities are associated with exploration, appraisal, and development projects at various stages of design and implementation. The commercial aspects considered will relate the project's maturity status (e.g., technical, economical, regulatory, and legal) to the chance of project implementation.

1.0.0.3 The use of a consistent classification system enhances comparisons between projects, groups of projects, and total company portfolios. The application of PRMS must consider both technical and commercial factors that impact the project's feasibility, its productive life, and its related cash flows.

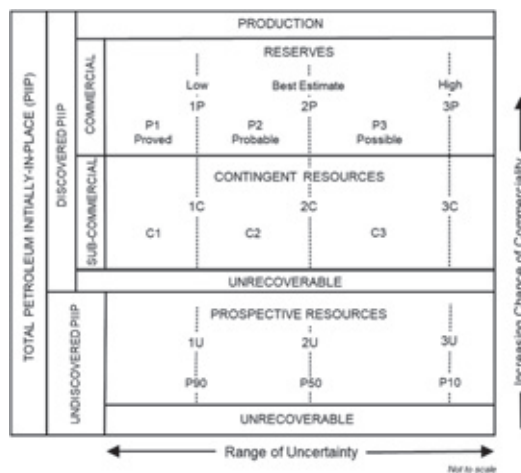
1.1 Petroleum Resources Classification Framework

1.1.0.1 Petroleum is defined as a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid, or solid state. Petroleum may also contain non-hydrocarbons, common examples of which are carbon dioxide, nitrogen, hydrogen sulfide, and sulfur. In rare cases, non-hydrocarbon content can be greater than 50%.

1.1.0.2 The term resources as used herein is intended to encompass all quantities of petroleum naturally occurring within the Earth's crust, both discovered and undiscovered (whether recoverable or unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered as conventional or unconventional resources.

1.1.0.3 Figure 1.1 graphically represents the PRMS resources classification system. The system classifies resources into discovered and undiscovered and defines the recoverable resources classes: Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable Petroleum.

1.1.0.4 The horizontal axis reflects the range of uncertainty of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the chance of commerciality, P_c , which is the chance that a project will be committed for development and reach commercial producing status.



PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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1.1.0.5 The following definitions apply to the major subdivisions within the resources classification:

- A. **Total Petroleum Initially-In-Place (PIIP)** is all quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, discovered and undiscovered, before production.
- B. **Discovered PIIP** is the quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations before production.
- C. **Production** is the cumulative quantities of petroleum that have been recovered at a given date. While all recoverable resources are estimated, and production is measured in terms of the sales product specifications, raw production (sales plus non-sales) quantities are also measured and required to support engineering analyses based on reservoir voidage (see Section 3.2, Production Measurement).

1.1.0.6 Multiple development projects may be applied to each known or unknown accumulation, and each project will be forecast to recover an estimated portion of the initially-in-place quantities. The projects shall be subdivided into commercial, sub-commercial, and undiscovered, with the estimated recoverable quantities being classified as Reserves, Contingent Resources, or Prospective Resources respectively, as defined below.

- A. 1. **Reserves** are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining (as of the evaluation's effective date) based on the development project(s) applied.
 - 2. Reserves are recommended as sales quantities as metered at the reference point. Where the entity also recognizes quantities consumed in operations (CiO) (see Section 3.2.2), as Reserves these quantities must be recorded separately. Non-hydrocarbon quantities are recognized as Reserves only when sold together with hydrocarbons or CiO associated with petroleum production. If the non-hydrocarbon is separated before sales, it is excluded from Reserves.
 - 3. Reserves are further categorized in accordance with the range of uncertainty and should be sub-classified based on project maturity and/or characterized by development and production status.
- B. **Contingent Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. Contingent Resources have an associated chance of development. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the range of uncertainty associated with the estimates and should be sub-classified based on project maturity and/or economic status.
- C. **Undiscovered PIIP** is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.
- D. **Prospective Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of geologic discovery and a chance of development. Prospective Resources are further categorized in accordance with the range of uncertainty associated with recoverable estimates, assuming discovery and development, and may be sub-classified based on project maturity.
- E. **Unrecoverable Resources** are that portion of either discovered or undiscovered PIIP evaluated, as of a given date, to be unrecoverable by the currently defined project(s). A portion of these quantities may become recoverable in the future as commercial circumstances change, technology is developed, or additional data are acquired. The remaining portion may never be recovered because of physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

1.1.0.7 The sum of Reserves, Contingent Resources, and Prospective Resources may be referred to as "remaining recoverable resources." Importantly, these quantities should not be aggregated without due consideration of the technical and commercial risk involved with their classification. When such terms are used, each classification component of the summation must be provided.

1.1.0.8 Other terms used in resource assessments include the following:

- A. **Estimated Ultimate Recovery (EUR)** is not a resources category or class, but a term that can be applied to an accumulation or group of accumulations (discovered or undiscovered) to define those quantities of petroleum estimated, as of a given date, to be potentially recoverable plus those quantities already produced from the accumulation or group of accumulations. For clarity, EUR must reference the associated technical and commercial conditions for the resources; for example, proved EUR is Proved Reserves plus prior production.
- B. **Technically Recoverable Resources (TRR)** are those quantities of petroleum producible using currently available technology and industry practices, regardless of commercial considerations. TRR may be used for specific Projects or for groups of Projects, or, can be an undifferentiated estimate within an area (often basin-wide) of recovery potential.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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1.2 Project-Based Resources Evaluations

1.2.0.1 The resources evaluation process consists of identifying a recovery project or projects associated with one or more petroleum accumulations, estimating the quantities of PIIP, estimating that portion of those in-place quantities that can be recovered by each project, and classifying the project(s) based on maturity status or chance of commerciality.

1.2.0.2 The concept of a project-based classification system is further clarified by examining the elements contributing to an evaluation of net recoverable resources (see Figure 1.2).

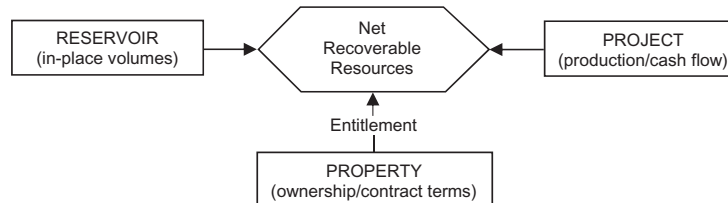


Figure 1.2—Resources evaluation

1.2.0.3 **The reservoir** (contains the petroleum accumulation): Key attributes include the types and quantities of PIIP and the fluid and rock properties that affect petroleum recovery.

1.2.0.4 **The project:** A project may constitute the development of a well, a single reservoir, or a small field; an incremental development in a producing field; or the integrated development of a field or several fields together with the associated processing facilities (e.g., compression). Within a project, a specific reservoir's development generates a unique production and cash-flow schedule at each level of certainty. The integration of these schedules taken to the project's earliest truncation caused by technical, economic, or the contractual limit defines the estimated recoverable resources and associated future net cash flow projections for each project. The ratio of EUR to total PIIP quantities defines the project's recovery efficiency. Each project should have an associated recoverable resources range (low, best, and high estimate).

1.2.0.5 **The property** (lease or license area): Each property may have unique associated contractual rights and obligations, including the fiscal terms. This information allows definition of each participating entity's share of produced quantities (entitlement) and share of investments, expenses, and revenues for each recovery project and the reservoir to which it is applied. One property may encompass many reservoirs, or one reservoir may span several different properties. A property may contain both discovered and undiscovered accumulations that may be spatially unrelated to a potential single field designation.

1.2.0.6 An entity's net recoverable resources are the entitlement share of future production legally accruing under the terms of the development and production contract or license.

1.2.0.7 In the context of this relationship, the project is the primary element considered in the resources classification, and the net recoverable resources are the quantities derived from each project. A project represents a defined activity or set of activities to develop the petroleum accumulation(s) and the decisions taken to mature the resources to reserves. In general, it is recommended that an individual project has assigned to it a specific maturity level sub-class (See Section 2.1.3.5, Project Maturity Sub-Classes) at which a decision is made whether or not to proceed (i.e., spend more money) and there should be an associated range of estimated recoverable quantities for the project (See Section 2.2.1, Range of Uncertainty). For completeness, a developed field is also considered to be a project.

1.2.0.8 An accumulation or potential accumulation of petroleum is often subject to several separate and distinct projects that are at different stages of exploration or development. Thus, an accumulation may have recoverable quantities in several resources classes simultaneously.

1.2.0.10 Not all technically feasible development projects will be commercial. The commercial viability of a development project within a field's development plan is dependent on a forecast of the conditions that will exist during the time period encompassed by the project (see Section 3.1, Assessment of Commerciality). Conditions include technical, economic (e.g., hurdle rates, commodity prices), operating and capital costs, marketing, sales route(s), and legal, environmental, social, and governmental factors forecast to exist and impact the project during the time period being evaluated. While economic factors can be summarized as forecast costs and product prices, the underlying influences include, but are not limited to, market conditions (e.g., inflation, market factors, and contingencies), exchange rates, transportation and processing infrastructure, fiscal terms, and taxes.

1.2.0.11 The resources being estimated are those quantities producible from a project as measured according to delivery specifications at the point of sale or custody transfer (see Section 3.2.1, Reference Point) and may permit forecasts of CiO quantities (see Section 3.2.2., Consumed in Operations). The cumulative production forecast from the effective date forward to cessation of production is the remaining recoverable resources quantity (see Section 3.1.1, Net Cash-Flow Evaluation).

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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2.1.0.12 The supporting data, analytical processes, and assumptions describing the technical and commercial basis used in an evaluation must be documented in sufficient detail to allow, as needed, a qualified reserves evaluator or qualified reserves auditor to clearly understand each project's basis for the estimation, categorization, and classification of recoverable resources quantities and, if appropriate, associated commercial assessment.

2.0 Classification and Categorization Guidelines

2.1 Resources Classification

2.1.0.1 The PRMS classification establishes criteria for the classification of the total PIIP. A determination of a discovery differentiates between discovered and undiscovered PIIP. The application of a project further differentiates the recoverable from unrecoverable resources. The project is then evaluated to determine its maturity status to allow the classification distinction between commercial and sub-commercial projects. PRMS requires the project's recoverable resources quantities to be classified as either Reserves, Contingent Resources, or Prospective Resources.

2.1.1 Determination of Discovery Status

2.1.1.1 A discovered petroleum accumulation is determined to exist when one or more exploratory wells have established through testing, sampling, and/or logging the existence of a significant quantity of potentially recoverable hydrocarbons and thus have established a known accumulation. In the absence of a flow test or sampling, the discovery determination requires confidence in the presence of hydrocarbons and evidence of producibility, which may be supported by suitable producing analogs (see Section 4.1.1, Analog). In this context, "significant" implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place quantity demonstrated by the well(s) and for evaluating the potential for commercial recovery.

2.1.1.2 Where a discovery has identified potentially recoverable hydrocarbons, but it is not considered viable to apply a project with established technology or with technology under development, such quantities may be classified as Discovered Unrecoverable with no Contingent Resources. In future evaluations, as appropriate for petroleum resources management purposes, a portion of these unrecoverable quantities may become recoverable resources as either commercial circumstances change or technological developments occur.

2.1.2 Determination of Commerciality

2.1.2.1 Discovered recoverable quantities (Contingent Resources) may be considered commercially mature, and thus attain Reserves classification, if the entity claiming commerciality has demonstrated a firm intention to proceed with development. This means the entity has satisfied the internal decision criteria (typically rate of return at or above the weighted average cost-of-capital or the hurdle rate). Commerciality is achieved with the entity's commitment to the project and all of the following criteria:

- A. Evidence of a technically mature, feasible development plan.
- B. Evidence of financial appropriations either being in place or having a high likelihood of being secured to implement the project.
- C. Evidence to support a reasonable time-frame for development.
- D. A reasonable assessment that the development projects will have positive economics and meet defined investment and operating criteria. This assessment is performed on the estimated entitlement forecast quantities and associated cash flow on which the investment decision is made (see Section 3.1.1, Net Cash-Flow Evaluation).
- E. A reasonable expectation that there will be a market for forecast sales quantities of the production required to justify development. There should also be similar confidence that all produced streams (e.g., oil, gas, water, CO₂) can be sold, stored, re-injected, or otherwise appropriately disposed.
- F. Evidence that the necessary production and transportation facilities are available or can be made available.
- G. Evidence that legal, contractual, environmental, regulatory, and government approvals are in place or will be forthcoming, together with resolving any social and economic concerns.

2.1.2.2 The commerciality test for Reserves determination is applied to the best estimate (P50) forecast quantities, which upon qualifying all commercial and technical maturity criteria and constraints become the 2P Reserves. Stricter cases [e.g., low estimate (P90)] may be used for decision purposes or to investigate the range of commerciality (see Section 3.1.2, Economic Criteria). Typically, the low- and high-case project scenarios may be evaluated for sensitivities when considering project risk and upside opportunity.

2.1.2.3 To be included in the Reserves class, a project must be sufficiently defined to establish both its technical and commercial viability as noted in Section 2.1.2.1. There must be a reasonable expectation that all required internal and external approvals will be forthcoming and evidence of firm intention to proceed with development within a reasonable time-frame. A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where justifiable; for example, development of economic projects that take longer than five years to be developed or are deferred to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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2.1.2.4 While PRMS guidelines require financial appropriations evidence, they do not require that project financing be confirmed before classifying projects as Reserves. However, this may be another external reporting requirement. In many cases, financing is conditional upon the same criteria as above. In general, if there is not a reasonable expectation that financing or other forms of commitment (e.g., farm-outs) can be arranged so that the development will be initiated within a reasonable time-frame, then the project should be classified as Contingent Resources. If financing is reasonably expected to be in place at the time of the final investment decision (FID), the project's resources may be classified as Reserves.

2.2 Resources Categorization

2.2.0.1 The horizontal axis in the resources classification in Figure 1.1 defines the range of uncertainty in estimates of the quantities of recoverable, or potentially recoverable, petroleum associated with a project or group of projects. These estimates include the uncertainty components as follows:

- A. The total petroleum remaining within the accumulation (in-place resources).
- B. The technical uncertainty in the portion of the total petroleum that can be recovered by applying a defined development project or projects (i.e., the technology applied).
- C. Known variations in the commercial terms that may impact the quantities recovered and sold (e.g., market availability; contractual changes, such as production rate tiers or product quality specifications) are part of project's scope and are included in the horizontal axis, while the chance of satisfying the commercial terms is reflected in the classification (vertical axis).

2.2.0.2 The uncertainty in a project's recoverable quantities is reflected by the 1P, 2P, 3P, Proved (P1), Probable (P2), Possible (P3), 1C, 2C, 3C, C1, C2, and C3; or 1U, 2U, and 3U resources categories. The commercial chance of success is associated with resources classes or sub-classes and not with the resources categories reflecting the range of recoverable quantities.

2.2.1 Range of Uncertainty

2.2.1.1 Uncertainty is inherent in a project's resources estimation and is communicated in PRMS by reporting a range of category outcomes. The range of uncertainty of the recoverable and/or potentially recoverable quantities may be represented by either deterministic scenarios or by a probability distribution (see Section 4.2, Resources Assessment Methods).

2.2.1.2 When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:

- A. There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- B. There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- C. There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

2.2.1.3 In some projects, the range of uncertainty may be limited, and the three scenarios may result in resources estimates that are not significantly different. In these situations, a single value estimate may be appropriate to describe the expected result.

2.2.1.4 When using the deterministic scenario method, typically there should also be low, best, and high estimates, where such estimates are based on qualitative assessments of relative uncertainty using consistent interpretation guidelines. Under the deterministic incremental method, quantities for each confidence segment are estimated discretely (see Section 2.2.2, Category Definitions and Guidelines).

2.2.1.5 Project resources are initially estimated using the above uncertainty range forecasts that incorporate the subsurface elements together with technical constraints related to wells and facilities. The technical forecasts then have additional commercial criteria applied (e.g., economics and license cutoffs are the most common) to estimate the entitlement quantities attributed and the resources classification status: Reserves, Contingent Resources, and Prospective Resources.

2.2.2 Category Definitions and Guidelines

2.2.2.1 Evaluators may assess recoverable quantities and categorize results by uncertainty using the deterministic incremental method, the deterministic scenario (cumulative) method, geostatistical methods, or probabilistic methods (see Section 4.2, Resources Assessment Methods). Also, combinations of these methods may be used.

2.2.2.2 Use of consistent terminology (Figures 1.1 and 2.1) promotes clarity in communication of evaluation results. For Reserves, the general cumulative terms low/best/high forecasts are used to estimate the resulting 1P/2P/3P quantities, respectively. The associated incremental quantities are termed Proved (P1), Probable (P2) and Possible (P3). Reserves are a subset of, and must be viewed within the context of, the complete resources classification system. While the categorization criteria are proposed specifically for Reserves, in most cases, the criteria can be equally applied to Contingent and Prospective Resources. Upon satisfying the commercial maturity criteria for discovery and/or development, the project quantities will then move to the appropriate resources sub-class. Table 3 provides criteria for the Reserves categories determination.

2.2.2.3 For Contingent Resources, the general cumulative terms low/best/high estimates are used to estimate the resulting 1C/2C/3C quantities, respectively. The terms C1, C2, and C3 are defined for incremental quantities of Contingent Resources.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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2.2.2.4 For Prospective Resources, the general cumulative terms low/best/high estimates also apply and are used to estimate the resulting 1U/2U/3U quantities. No specific terms are defined for incremental quantities within Prospective Resources.

2.2.2.5 Quantities in different classes and sub-classes cannot be aggregated without considering the varying degrees of technical uncertainty and commercial likelihood involved with the classification(s) and without considering the degree of dependency between them (see Section 4.2.1, Aggregating Resources Classes).

2.2.2.6 Without new technical information, there should be no change in the distribution of technically recoverable resources and the categorization boundaries when conditions are satisfied to reclassify a project from Contingent Resources to Reserves.

2.2.2.7 All evaluations require application of a consistent set of forecast conditions, including assumed future costs and prices, for both classification of projects and categorization of estimated quantities recovered by each project (see Section 3.1, Assessment of Commerciality).

Table 1—Recoverable Resources Classes and Sub-Classes

Class/Sub-Class	Definition	Guidelines
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.	Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the development and production status. To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability (see Section 2.1.2, Determination of Commerciality). This includes the requirement that there is evidence of firm intention to proceed with development within a reasonable time-frame. A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where, for example, development of an economic project is deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented. To be included in the Reserves class, there must be a high confidence in the commercial maturity and economic producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.
On Production	The development project is currently producing or capable of producing and selling petroleum to market.	The key criterion is that the project is receiving income from sales, rather than that the approved development project is necessarily complete. Includes Developed Producing Reserves. The project decision gate is the decision to initiate or continue economic production from the project.
Approved for Development	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is ready to begin or is under way.	At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies, such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget. The project decision gate is the decision to start investing capital in the construction of production facilities and/or drilling development wells.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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Class/Sub-Class	Definition	Guidelines
Justified for Development	Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.	To move to this level of project maturity, and hence have Reserves associated with it, the development project must be commercially viable at the time of reporting (see Section 2.1.2, Determination of Commerciality) and the specific circumstances of the project. All participating entities have agreed and there is evidence of a committed project (firm intention to proceed with development within a reasonable time-frame). There must be no known contingencies that could preclude the development from proceeding (see Reserves class). The project decision gate is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.	Contingent Resources may include, for example, projects for which there are currently no viable markets, where commercial recovery is dependent on technology under development, where evaluation of the accumulation is insufficient to clearly assess commerciality, where the development plan is not yet approved, or where regulatory or social acceptance issues may exist. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status.
Development Pending	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.	The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g., drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time-frame. Note that disappointing appraisal/evaluation results could lead to a reclassification of the project to On Hold or Not Viable status. The project decision gate is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.
Development on Hold	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.	The project is seen to have potential for commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a probable chance that a critical contingency can be removed in the foreseeable future, could lead to a reclassification of the project to Not Viable status. The project decision gate is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.
Development Unclarified	A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information.	The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are ongoing to clarify the potential for eventual commercial development. This sub-class requires active appraisal or evaluation and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity and economic production.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by
the Society of Petroleum Engineers (SPE) Board of Directors, June 2018

Class/Sub-Class	Definition	Guidelines
Development Not Viable	A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time because of limited production potential.	The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions. The project decision gate is the decision not to undertake further data acquisition or studies on the project for the foreseeable future.
Prospective Resources	Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.	Potential accumulations are evaluated according to the chance of geologic discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.
Prospect	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.	Project activities are focused on assessing the chance of geologic discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.
Lead	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the Lead can be matured into a Prospect. Such evaluation includes the assessment of the chance of geologic discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.
Play	A project associated with a prospective trend of potential prospects, but that requires more data acquisition and/or evaluation to define specific Leads or Prospects.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific Leads or Prospects for more detailed analysis of their chance of geologic discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

Table 2—Reserves Status Definitions and Guidelines

Status	Definition	Guidelines
Developed Reserves	Expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-producing.
Developed Producing Reserves	Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.	Improved recovery Reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Shut-in and behind-pipe Reserves.	Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by
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Status	Definition	Guidelines
Undeveloped Reserves	Quantities expected to be recovered through future significant investments.	Undeveloped Reserves are to be produced (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Table 3—Reserves Category Definitions and Guidelines

Category	Definition	Guidelines
Proved Reserves	Those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations.	If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data. In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the LKH as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves. Reserves in undeveloped locations may be classified as Proved provided that: A. The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially mature and economically productive. B. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.
Probable Reserves	Those additional Reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.	It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by
the Society of Petroleum Engineers (SPE) Board of Directors, June 2018

Category	Definition	Guidelines
Possible Reserves	Those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves.	The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability (P10) that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of economic production from the reservoir by a defined, commercially mature project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.
Probable and Possible Reserves	See above for separate criteria for Probable Reserves and Possible Reserves.	The 2P and 3P estimates may be based on reasonable alternative technical interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing faults until this reservoir is penetrated and evaluated as commercially mature and economically productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil elevation and there exists the potential for an associated gas cap, Proved Reserves of oil should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

ABBREVIATIONS

ϕ	porosity
°F	degrees Fahrenheit
1C	low estimate scenario of contingent resources
2C	best estimate scenario of contingent resources
3C	high estimate scenario of contingent resources
1U	low estimate scenario of prospective resources
2U	best estimate scenario of prospective resources
3U	high estimate scenario of prospective resources
BCF	billions of cubic feet
Capricorn	Capricorn Energy PLC
Chevron	Chevron Mediterranean Limited
FCA	Financial Conduct Authority
G	pore geometrical factor
GRV	gross rock volume
GWC	gas-water contact
K_{air}	core air permeability
km	kilometers
m	meters
MMBBL	millions of barrels
MTR	meters
NewMed	NewMed Energy – Limited Partnership
Noble	Noble Energy Mediterranean Ltd.
NSAI	Netherlands, Sewell & Associates, Inc.
NTG	net-to-gross ratio
P_c	capillary pressure
P_d	displacement pressure
P_g	probability of geologic success
PRMS	Petroleum Resources Management System
psi	pounds per square inch
report	Competent Person's Report
SCF/RCF	standard cubic feet per reservoir cubic foot
SPE	Society of Petroleum Engineers
SPE Standards	Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE
S_w	water saturation
V_{bPinf}	bulk volume at infinite pressure
V_{sh}	shale volume

TABLE OF CONTENTS

TECHNICAL DISCUSSION

1.0	General Overview	1
2.0	Regional Geology	1
2.1	Basin Overview	1
2.2	Stratigraphy	2
2.3	Structure and Hydrocarbon Migration	3
3.0	Overview of Block 12	3
3.1	License Terms and Ownership	3
3.2	Field History and Facilities	3
4.0	Data and Methodology	4
4.1	Geology and Gross Rock Volume	4
4.2	Petrophysics	5
4.3	Original Gas-in-Place and Recovery	6
5.0	Contingent Resources	7
6.0	Prospective Resources	7
6.1	Central Fault Block Prospects	7
6.2	Southwest Fault Block Prospects	8
7.0	Reconciliations with Previous NSAI Estimates	8

FIGURES

Location Map	1
Stratigraphic Column – Levant Basin	2
Inventory of Available Well Data	3
Interpreted Well Log	4
Depth Structure – Top C Sand – Best Case	5
Volumetric Input Summary – Contingent Resources	6
Summary of Unrisked Contingent Gas Resources	7
Volumetric Input Summary – Prospective Resources	8
Summary of Unrisked Prospective Gas Resources	9
Summary of Geologic Risking	10

TECHNICAL DISCUSSION

TECHNICAL DISCUSSION APHRODITE FIELD AREA BLOCK 12, OFFSHORE CYPRUS

1.0 GENERAL OVERVIEW

Netherlands, Sewell & Associates, Inc. (NSAI) has estimated the unrisksed contingent and prospective resources, as of September 30, 2022, to the NewMed Energy – Limited Partnership (NewMed) working interest in discoveries and prospects located in the Aphrodite Field Area, Block 12, offshore Cyprus. A location map is shown on Figure 1. Resources that extend beyond Block 12 have not been included in this Competent Person's Report (report). Gross volumes shown in this report are 100 percent of the volumes expected to be produced from the discoveries and prospects.

The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE) and in accordance with the recommendations of the Financial Conduct Authority (FCA), as set out in Primary Market Technical Note 619.1 – the Guidelines on disclosure requirements under the Prospectus Regulation and Guidance on specialist issuers published by the FCA. As presented in the 2018 PRMS, petroleum accumulations can be classified in decreasing order of likelihood of commerciality as reserves, contingent resources, or prospective resources. Different classifications of petroleum accumulations have varying degrees of technical and commercial risk that are difficult to quantify; thus reserves, contingent resources, and prospective resources should not be aggregated without extensive consideration of these factors.

For the purposes of this report, we used technical and economic data including, but not limited to, well logs, geologic maps, seismic data, core data, well test data, and property ownership interests. The contingent and prospective resources in this report have been estimated using a combination of deterministic and probabilistic methods; these estimates have been prepared in accordance with generally accepted petroleum engineering and evaluation principles set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE. We used standard engineering and geoscience methods, or a combination of methods, including volumetric analysis and analogy, that we considered to be appropriate and necessary to classify, categorize, and estimate volumes in accordance with the 2018 PRMS definitions and guidelines. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

2.0 REGIONAL GEOLOGY

2.1 BASIN OVERVIEW

The Aphrodite Field Area is located in the Levant Basin of the Eastern Mediterranean region. The eastern extent of the basin is marked by the Levant Transform Zone (Dead Sea Transform), the western edge of the basin is delineated by the Nile Delta Cone and the Eratosthenes Seamount, and the northern border is defined by the Taurus Fault Zone (Cyprian Arc). A generalized stratigraphic column of the Levant Basin is shown on Figure 2. Formation of the basin was initiated during the Permian through a series of rifting phases associated with the breakup of Gondwana and the formation of the Tethys Sea. The sequence of rifting events produced a faulted basement that exhibited a tilted block pattern with pronounced highs and lows and a northeast-to-southwest orientation. The rifting, which ended in the Middle Jurassic, was followed

by post-rift cooling and subsidence of the basin. Beginning in the Middle Jurassic, the basin was a major depocenter and accommodated distal clastic and carbonate sedimentation. Convergence of the African, Arabian, and Eurasian Plates began during the Upper Cretaceous, causing compression of the Levant Basin margin and forming a series of folds and reverse faults, often referred to as the Syrian Arc fold belt. These folds are interpreted to have been caused by reactivation, in a reverse motion, of deep-seated normal faults created during the rifting stage.

During the late Eocene, a significant regressive sequence occurred as the shoreline retreated hundreds of kilometers to the west. This regression exposed large parts of the previously submerged Arabian platform carbonates. As a result, a regional continental drainage system began to transport terrigenous material toward the sea. An Oligocene unconformity separates the older carbonate section from the overlying late Oligocene- to Miocene-aged siliciclastic sediments. The Oligo-Miocene interval is capped by a thick late Miocene evaporitic deposit that was formed during a major regressive sequence known as the Messinian Salinity Crisis. This deposit is covered by a Plio-Pleistocene fine-grained siliciclastic wedge formed during the subsequent transgressive sequence.

2.2 STRATIGRAPHY

In the Levant Basin, the pre-rift Paleozoic is predominantly characterized by terrestrial and shallow marine deposits that sit on crystalline basement. The Triassic and Lower Jurassic are composed of carbonate, siliciclastic, and evaporitic sequences of the Ramon and Arad Groups that are reflective of a wide continental to shallow marine platform.

A regional unconformity was established during a lowstand period in the Lower Cretaceous. Volcanic and tectonic activity also occurred at this time along with sedimentation. The Gevar'am Group consists of organic-rich marine shales with conglomerate and sandstone intercalations, and it was deposited during this period. The Talme Yafe Group unconformably overlies the Gevar'am Group and is characterized by calcium-rich turbidite deposits that extend deep into the basin. Middle Cretaceous deposition was influenced by frequent sea level changes that generated large carbonate platforms on the basin margins, such as the limestone and dolomite sequences of the Judea Group and isolated carbonate buildups on offshore highs.

Significant sea level rise and formation of the Syrian Arc anticlines took place in the Upper Cretaceous. Deposition of pelagic chalks, marls, and shales of the Negba, Dalya, and Ghareb Formations was taking place concurrently. These sequences are generally characterized by high organic content.

From the Oligocene to early Miocene, rapid deepwater deposition dominated by the Proto-Nile occurred within the basin. The Bet Guvrin Formation, which contains the Tamar Sands, was among the sand-rich sequences that were deposited during this time. These turbidite sands are regionally extensive and serve as gas-bearing reservoirs in a number of discoveries within the basin, including the Aphrodite Field Area.

In the late Miocene, the Mediterranean Sea was isolated from the Atlantic Ocean and became an expansive hypersaline basin. In the eastern Mediterranean, this Messinian Salinity Crisis resulted in the deposition of the thick evaporitic Mavqi'im Formation.

Sea level in the Mediterranean rose again in the Pliocene with ensuing deposition of hemipelagic clays and marls of the Plio-Pleistocene Yafo Formation. These events were followed by another drop in sea level as sedimentation continued with deposition of turbidite sands. These sands have proved to be gas-bearing reservoirs throughout the region. Hemipelagic deposition resumed when sea levels rose again. As the rate of sedimentation increased, progradation of highstand deposits occurred. In some areas, this resulted

in over 1,000 meters (m) of sediment thickness within the Yafo Formation. Closer to the coastline, the Pleshet Formation conformably overlies the Yafo Formation.

2.3 STRUCTURE AND HYDROCARBON MIGRATION

Structural trap formation in the Levant Basin started in the late Cretaceous and continued into the late Miocene. The structural inversion events during this period resulted in a series of northeast-to-southwest-trending anticlines, which are seen in the Tamar and Aphrodite Field structures. The gas in Aphrodite Field is primarily biogenic and interpreted to be sourced from the shale intervals between reservoir sands. Large faults that extend down to basement serve as conduits for the migration of additional thermogenic hydrocarbons into these structures.

3.0 OVERVIEW OF BLOCK 12

The Aphrodite Field Area is located in Block 12, offshore Cyprus, which is positioned along the southeast Cypriot maritime border with Israel, as shown on Figure 1. Although a small portion of the gas-bearing reservoirs in the Aphrodite Field Area extend into Production Lease I/20 in Israeli waters, the estimates of contingent and prospective resources in this report only include volumes located in Block 12. Water depth in the field area is approximately 1,700 m.

3.1 LICENSE TERMS AND OWNERSHIP

In October 2008, the Republic of Cyprus granted Noble Energy Mediterranean Ltd. (Noble) a Hydrocarbon Exploration License for Block 12, and the two parties entered into a production sharing contract. Since that time, a number of exploration and appraisal activities have been completed and Noble has submitted Plan of Development documents as the Exploration License term was extended.

The most recent Plan of Development for the Aphrodite Field Area was submitted and approved in November 2019. The Cypriot government then issued an Exploitation License with a term of 25 years, which puts the license expiration date in November 2044. In 2020, Chevron Corporation acquired Noble, which is now known as Chevron Mediterranean Limited (Chevron). In July 2022, Chevron announced that it would present a new development concept by the end of 2022. NewMed owns a 30 percent working interest in the license; Chevron, the operator of the discoveries and prospects, owns a 35 percent working interest; and BG Cyprus Limited owns the remaining 35 percent working interest.

3.2 FIELD HISTORY AND FACILITIES

The A-1 ST01 discovery well was spudded in September 2011 on a large, amplitude-supported, faulted, four-way structure. Drilling of the A-1 ST01 well continued for 116 days, and discovery of gas was initially announced in December of 2011. The well encountered eight gas-bearing sands, as discussed in Section 4.1. In 2013, the A-2a appraisal well was drilled approximately 7 kilometers (km) to the northeast of the A-1 ST01 well. It was drilled to better define the structure and fluid contacts within the field. This well encountered three gas-bearing sands. Also in 2012 and 2013, the Aphrodite 2 well was drilled in the adjacent Block 370 (which later became Production Lease I/20) in Israeli waters and encountered two gas-bearing sands.

The A-1 ST01 and Aphrodite 2 wells have been permanently abandoned and the A-2a well has been temporarily abandoned. There are no other existing facilities or wells associated with the Aphrodite Field Area at this time.

4.0 DATA AND METHODOLOGY

All data for this evaluation were provided by NewMed and Chevron. The pertinent geologic information provided for the Aphrodite Field Area included a 3-D seismic data set, well logs, directional surveys, formation tops, and core reports. NSAI was also provided with structural interpretations based on the seismic data and Chevron's petrophysical analysis of the well log and core data, which served as input and reference points for NSAI's independent mapping and petrophysical analysis. NewMed also supplied drillstem test and fluid sample data. A summary of the data provided by well is shown on Figure 3.

4.1 GEOLOGY AND GROSS ROCK VOLUME

In the Aphrodite Field Area, the reservoirs have been divided into four main sand packages: the A Sand, C Sand, D1 Sand, and D2 Sand. In general, these sands are regionally extensive, amalgamated turbidites that range in age from late Oligocene to early Miocene. The D Sands are the oldest in the sequence, and the C and A Sands are successively younger. The A and C Sands represent a material portion of the gas-bearing intervals in Tamar and Leviathan Fields, which are nearby in the basin and have been on production since 2013 and 2019, respectively. The A, C, and D Sands are shown on an interpreted well log on Figure 4. The sands are generally conformable to one another and are separated by shales that are also regionally extensive. Through analysis of log and pressure data, the D Sands have been subdivided into six individual reservoirs: the D1 Upper, D1 Middle, D1 Lower, D2 Upper, D2 Middle, and D2 Lower Sands.

The A Sand, which is thick and well developed in other areas of the basin, is thin and poorly developed in the Aphrodite Field Area. The poor quality of the A Sand in this area may be an artifact of the distal location of the field relative to the source of sediment. The C Sand is significantly thicker than the A Sand, which is consistent with observations in other areas of the basin. The D Sand in the Aphrodite Field Area is a thick, variable net-to-gross ratio (NTG) interval; some of the individual reservoirs found within the overall D Sand interval appear to be separated by intervening shales.

In the well penetrations above the gas-water contacts (GWCs), the A-1 ST01 well encountered the A Sand with 16 m of gross sand, the C Sand with 98 m of gross sand, the D1 Upper Sand with 22 m of gross sand, the D1 Middle Sand with 39 m of gross sand, the D1 Lower Sand with 22 m of gross sand, the D2 Upper Sand with 26 m of gross sand, the D2 Middle Sand with 33 m of gross sand, and the D2 Lower Sand with 18 m of gross sand. The A-2a well encountered the C Sand with 48 m of gross sand, the D1 Upper Sand with 18 m of gross sand, and the D1 Lower Sand with 32 m of gross sand. The Aphrodite 2 well encountered the A Sand with 21 m of gross sand and the C Sand with 19 m of gross sand. The D sands were found wet at the Aphrodite 2 well location. The thicknesses seen in these well penetrations have been used in the mapping and volumetric calculations, as discussed below.

The Aphrodite Field Area is covered by a 3-D seismic data set that was acquired in 2009 and 2013 by Petroleum Geo-Services, then merged and processed in 2014. All seismic interpretation was performed on the prestack depth-migrated data. The Aphrodite structure has been characterized from a Kirchhoff prestack depth-migrated 3-D seismic data set that provides a good image of the field along with calibration to available well control data. The Aphrodite structural trap is a large, flat, four-way closure that is approximately 15 km in length and 6 km in width. Faulting within the field area consists primarily of normal faults that trend from northwest to southeast. Offset along the faults is variable, and in some cases there is juxtaposition of sand along portions of the faults that may allow for some level of fluid transmissibility.

However, there is evidence of compartmentalization. For the purposes of this evaluation, the field area has been separated into four fault blocks. The A-1 ST01, A-2a, and Central Fault Blocks are penetrated by wells, whereas the Southwest Fault Block, located along the southwest limit of the field, is unpenetrated.

Structural mapping was performed through integration of well data and seismic interpretation. The shape of the structure was mapped using a shale interval that sits above the reservoir sands and produces a generally consistent reflection on the seismic data. The interpreted structural horizon was then depth shifted using the shale-to-top reservoir thickness and further tied to the well control. Formation tops interpreted from well log data were instrumental in generating the tops and bases of the reservoir zones where seismic reflectivity is limited. A range in structural mapping was used to capture uncertainty for the low, best, and high volumetric cases. Using these structural surfaces for each reservoir along with either the estimated GWC depth or a range of GWC depths allows for calculation of the gross rock volume (GRV) used for each case. A best case depth structure of the top of the C Sand is shown on Figure 5.

4.2 PETROPHYSICS

In clastic sand-shale sequences, a major uncertainty influencing the estimation of water saturation (S_w) from well log measurements is the geometry of the shale inclusions. A three-component porosity-water saturation model that was used independently accounts for the conductivity associated with structural and laminar shale inclusions in the hydrocarbon-bearing sands as well as the conductivity associated with the pore-lining, diagenetic clays within the sands. Shale volume (V_{sh}) was estimated based on the gamma ray, neutron porosity, bulk density, and nuclear magnetic resonance well log data. Porosity (ϕ) was estimated from the shale-corrected bulk density and neutron porosity measurements. Well log-derived ϕ estimates were calibrated with available core ϕ measurements.

Two shale distribution cases were evaluated. For the low-side case, 50 percent of the shale was assumed to be distributed as structural clasts within the sandstone intervals and the remaining shale was distributed as laminations. For the best- and high-side cases, all of the shale was assumed to be distributed as continuous laminations within the sandstone intervals. The properties of the diagenetic clays used in the model, as well as the cementation exponent and the saturation exponent, were based on core data. Formation water resistivity values were selected using Pickett Plot and apparent water resistivity analysis techniques. V_{sh} and shale distribution corrections were applied to the deep resistivity measurements and then Schlumberger's Dual-Water equations were used to compute the S_w for each case.

Correlations of core air permeability (K_{air}) to core ϕ and K_{air} to log-derived V_{sh} were found using the available routine core data. An average K_{air} was estimated based on these correlations using the log-derived ϕ and V_{sh} . Curve fits were made for each of the available laboratory capillary pressure (P_c) curves using a three-parameter model developed by Thomeer (1960). The three parameters for the model are a pore geometrical factor (G), displacement pressure (P_d), and bulk volume at infinite pressure (V_{bPinf}). Following the curve fits, each of the three parameters was plotted as a function of core plug ϕ , K_{air} , and the square root of the ratio of K_{air} to ϕ in order to define possible correlations. The G and the P_d were found to correlate with the square root of the ratio of K_{air} to ϕ . The V_{bPinf} was found to correlate with ϕ . The three-component P_c model developed by Thomeer was used to make resistivity-independent S_w estimates for each well. The fact that the V_{bPinf} correlates with total ϕ simplifies the calculation for S_w to the following:

$$S_w = 1 - e^{\frac{-G}{\log \frac{P_c}{P_d}}}$$

A gas-water system was assumed for the P_c calculations. Standard procedures were used to convert the reservoir P_c values to equivalent laboratory gas-water conditions. The necessary fluid densities and S_w values were estimated for each log depth based on the P_c calculated from the height above the GWC, the

log-derived ϕ , calculated K_{air} , and the Thomeer model that had been matched to the laboratory P_c data. Because the results of the P_c modeling falls within the range of the low-, best-, and high-side cases, this model was not directly used in the resources calculations.

To determine net pay, cutoff parameters for ϕ , S_w , and V_{sh} were varied for the low-, best-, and high-side cases. In the low-side case, net pay is greater than or equal to 15 percent ϕ , less than or equal to 65 percent S_w , and less than or equal to 40 percent V_{sh} . In the best case, net pay is greater than or equal to 15 percent ϕ , less than or equal to 65 percent S_w , and less than or equal to 45 percent V_{sh} . In the high-side case, net pay is greater than or equal to 10 percent ϕ , less than or equal to 65 percent S_w and less than or equal to 50 percent V_{sh} .

4.3 ORIGINAL GAS-IN-PLACE AND RECOVERY

The gas column in the Aphrodite Field Area is at a depth between 5,150 and 5,450 m true vertical depth subsea. Multiple pressure, temperature, and mobility measurements were taken for the various well penetrations in the field in both the gas column and water leg. These measurements indicate reservoir pressures in the gas column between 8,900 and 9,100 psi and temperatures between 170°F and 190°F. Gas samples from the drillstem test of the A-2a well indicate a dry gas with approximately 99 mole percent methane and a gas gravity of 0.57. The initial gas formation volume factor for the reservoir is estimated to range from 375 to 379 standard cubic feet per reservoir cubic foot, and we have estimated a range of condensate yields of 2.0 to 2.4 barrels per million cubic feet of gas based on the results of the A-2a drillstem test.

Development and depletion planning for the Aphrodite Field Area is ongoing. The November 2019 Plan of Development includes a notional forecast of two phases of development drilling to access reservoir volumes in the various sands and fault blocks. It is our understanding that in order to fulfill certain work program obligations, the A-3 well is expected to be drilled in the first half of 2023, before project sanctioning; it will target the Central Fault Block in order to provide information on the GWCs in the central portion of the field. Future plans will evolve as new well data are acquired. The production wells are likely to be subsea and tied back to a gas-processing facility. The drive mechanism for the C Sand reservoirs is expected to be moderate water drive, and the A and D Sand intervals are expected to have a larger depletion drive component and will be potentially more compartmentalized because of stratigraphic variation and faulting. Based on analogous developments, we have estimated a recovery factor range of 60 to 70 percent. This range of recovery factors assumes each reservoir is completed and fully depleted through well takepoints located high on the structure in each fault block.

For our deterministic estimates of contingent resources, we selected representative low, best, and high parameters for GRV, NTG, ϕ , and S_w . For the contingent resources, our estimates of volumetric input parameters are shown on Figure 6. Our estimates of unrisks gross and working interest contingent gas resources are shown on Figure 7.

For our probabilistic estimates of prospective resources, we used ranges of GRV, NTG, ϕ , S_w , and gas expansion factor; these ranges were applied in a Monte Carlo simulation model. For the prospective resources, our Monte Carlo input parameters are shown on Figure 8. The output ranges for the undiscovered original gas-in-place and the unrisks gross and working interest prospective gas resources are shown on Figure 9.

5.0 CONTINGENT RESOURCES

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. The contingent resources shown in this report are contingent upon finalization and sanctioning of the development plan, execution of gas purchase and sales agreements, and commitment to develop the resources. If these contingencies are successfully addressed, some portion of the contingent resources estimated in this report may be reclassified as reserves; our estimates have not been risked to account for the possibility that the contingencies are not successfully addressed. This report does not include economic analysis for these discoveries. Based on analogous field developments, it appears that a portion of the best estimate contingent resources in this report have a reasonable chance of being economically viable. The project maturity subclass for these contingent resources is development pending.

The contingent resources shown in this report have been estimated using deterministic methods. Once all contingencies have been successfully addressed, the approximate probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is generally inferred to be 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. The estimates of contingent resources included herein have not been adjusted for development risk.

6.0 PROSPECTIVE RESOURCES

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. The prospective resources included in this report should not be construed as reserves or contingent resources; they represent exploration opportunities and quantify the development potential in the event a petroleum discovery is made. A geologic risk assessment was performed for these prospects. This report does not include economic analysis for these prospects. Based on analogous field developments, it appears that, assuming a discovery is made, a portion of the unrisks best estimate prospective resources in this report have a reasonable chance of being economically viable.

The prospective resources shown in this report have been estimated using probabilistic methods and are dependent on a petroleum discovery being made. If a discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the unrisks estimated amounts is 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate.

Unrisks prospective resources are estimated ranges of recoverable oil and gas volumes assuming their discovery and development and are based on estimated ranges of undiscovered in-place volumes. Geologic risking of prospective resources addresses the probability of success for the discovery of a significant quantity of potentially recoverable petroleum; this risk analysis is conducted independent of estimations of petroleum volumes and without regard to the chance of development. Principal geologic risk elements of the petroleum system include (1) trap and seal characteristics; (2) reservoir presence and quality; (3) source rock capacity, quality, and maturity; and (4) timing, migration, and preservation of petroleum in relation to trap and seal formation. Risk assessment is a highly subjective process dependent upon the experience and judgment of the evaluators and is subject to revision with further data acquisition or interpretation. A summary of the geologic risking for each prospect is shown on Figure 10.

6.1 CENTRAL FAULT BLOCK PROSPECTS

The Aphrodite 2 well penetrates the Central Fault Block in an off-structure position. Gas was logged in the A and C Sands, but all intervals within the D Sand are wet. Prospective resources have been estimated

for the D1 Upper, D1 Middle, D1 Lower, D2 Upper, D2 Middle, and D2 Lower Sands to account for potential gas accumulations structurally high to the Aphrodite 2 penetration in this fault block. The primary geologic risk element for these prospects is reservoir quality.

6.2 SOUTHWEST FAULT BLOCK PROSPECTS

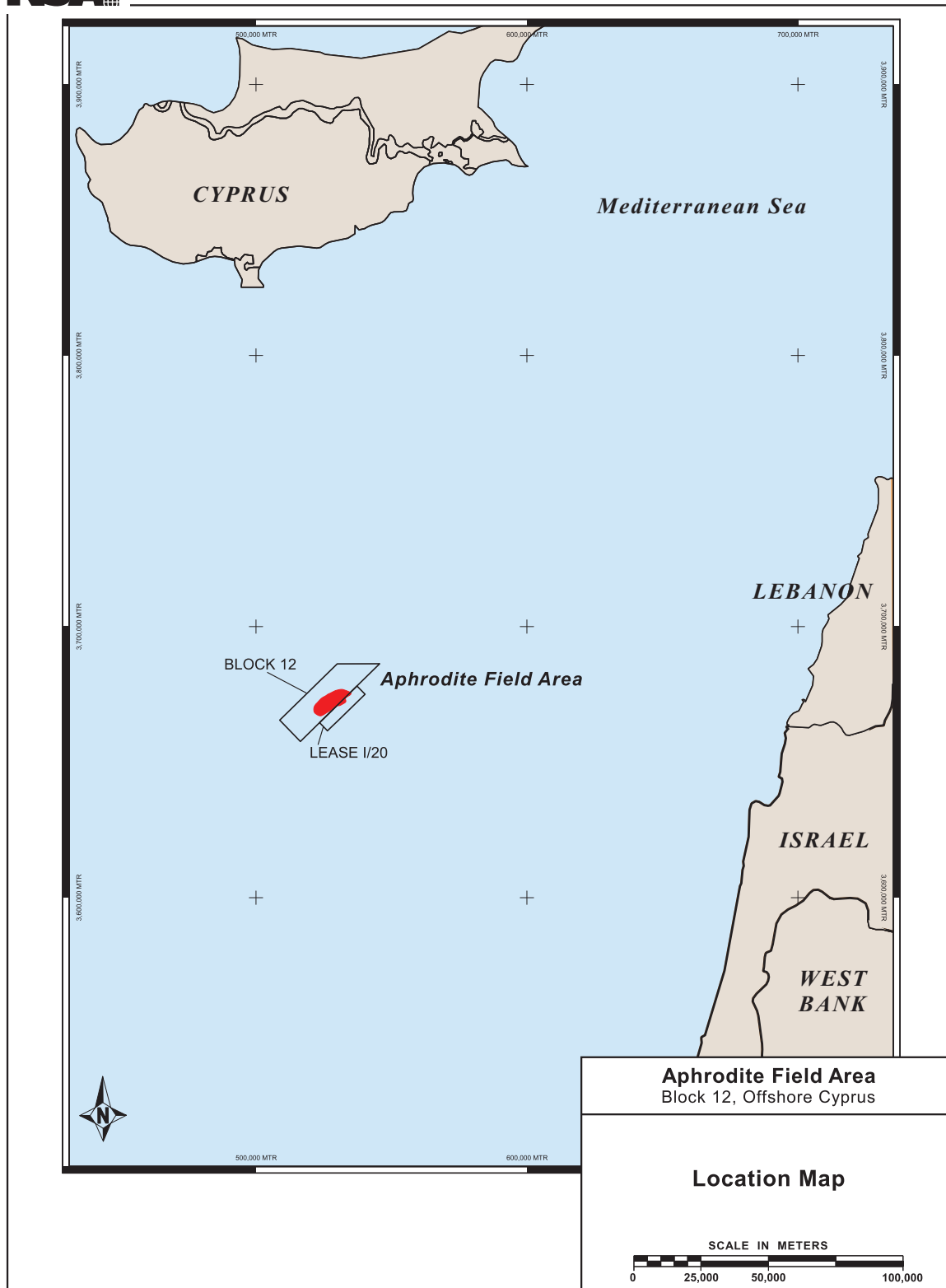
The Southwest Fault Block is unpenetrated and is located approximately 4 km southwest of the A-1 ST01 well. The block is a three-way closure that is interpreted to trap to the northeast against a northwest-to-southeast trending fault. Structural closure has been mapped at all levels in which gas has been discovered in the Aphrodite Field Area wells, and prospective resources have been estimated for each of the associated reservoirs: A Sand, C Sand, D1 Upper Sand, D1 Middle Sand, D1 Lower Sand, D2 Upper Sand, D2 Middle Sand, and D2 Lower Sand. The primary geologic risk element for these prospects is reservoir quality.

7.0 RECONCILIATIONS WITH PREVIOUS NSAI ESTIMATES

NSAI previously prepared a report for these discoveries and prospects dated March 14, 2021, with an effective date of December 31, 2020. In accordance with FCA recommendations, we have prepared the discussion below to serve as the reconciliation between our current estimates and our historical estimates as of December 31, 2020.

Since our report dated March 14, 2021, nothing has come to our attention regarding the Aphrodite Field Area that could cause us to make any revisions; as such, our estimates remain unchanged when compared to our report dated March 14, 2021.

FIGURES



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 1

Stratigraphic Column Levant Basin Offshore Israel

Chronostratigraphy				Lithostratigraphy (Basin)		Lithostratigraphy (Shelf)	
Cenozoic	Neogene	Pliocene		Saqiye Group	Yafo Formation Mavqi'im Formation	Amora Formation Sedom Formation	
		Miocene	Messinian		Ziqim Formation	Hazeva, Hordos Groups	
			Tortonian				
			Serravallian				
			Langhian				
	Burdigalian						
	Paleogene	Oligocene	Aquitanian	Bet Guvrin Formation	Lakhish Formation Ashdod Clastics		
			Chattian				
		Rupelian	Hashefela Group				
		Eocene				Priabonian	
Bartonian							
Lutetian							
Paleocene	Ypresian						
	Thanetian						
	Selandian						
Mesozoic	Cretaceous	Upper	Danian	Talme Yafe Group	Taqiye Formation		Mount Scopus Group
			Maastrichtian		Ghareb Formation		
			Campanian		Mishash Formation		
			Santonian		Menuha Formation		
			Coniacian				
		Lower	Cenomanian-Turonian	Gevar'am Group	Dalyya, Bina Formations Negba Formation Yagur Formation Yakhini Formation Yavne Shale		Judea Group
			Albian		Telamim Formation		Kurnub Group
			Aptian		Helez Formation		
			Barremian				
			Hauterivian				
Valanginian							
Berriasian							
Mesozoic	Jurassic	Upper	Tithonian	Yan Formation		Arad Group	
			Oxfordian-Kimmeridgian				
		Middle	Bathonian-Callovian	Delta Formation			Halutza Formation Beer Sheva Formation Kidod Formation Zohar Formation Karmon Formation
			Aalenian-Bajocian				Barnea, Shederot, Daya Formations Rosh Pina Formation
		Lower	Toarcian				Qeren Formation Lower Inmar Formation Ardon Formation Mishhor Formation
			Pliensbachian				
	Triassic	Upper	Hettangian-Sinemurian			Ramon Group	
			Rhaetian				
			Norian				
		Middle	Carnian				
Ladinian							
Lower	Anisian			Gevanim Formation Ra'af Formation			
	Scythian			Zafir Formation Yamin Formation			
Paleozoic		Permian			Arqov Formation Saad Formation		Negev Group
Precambrian						Zenifm Group Crystalline Basement	

Adapted from a figure in "Sequence-Stratigraphic Analysis of the Mesozoic in Southwestern Israel", AAPG Bulletin, v. 95, No. 10 (October 2011), p. 1767.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 2

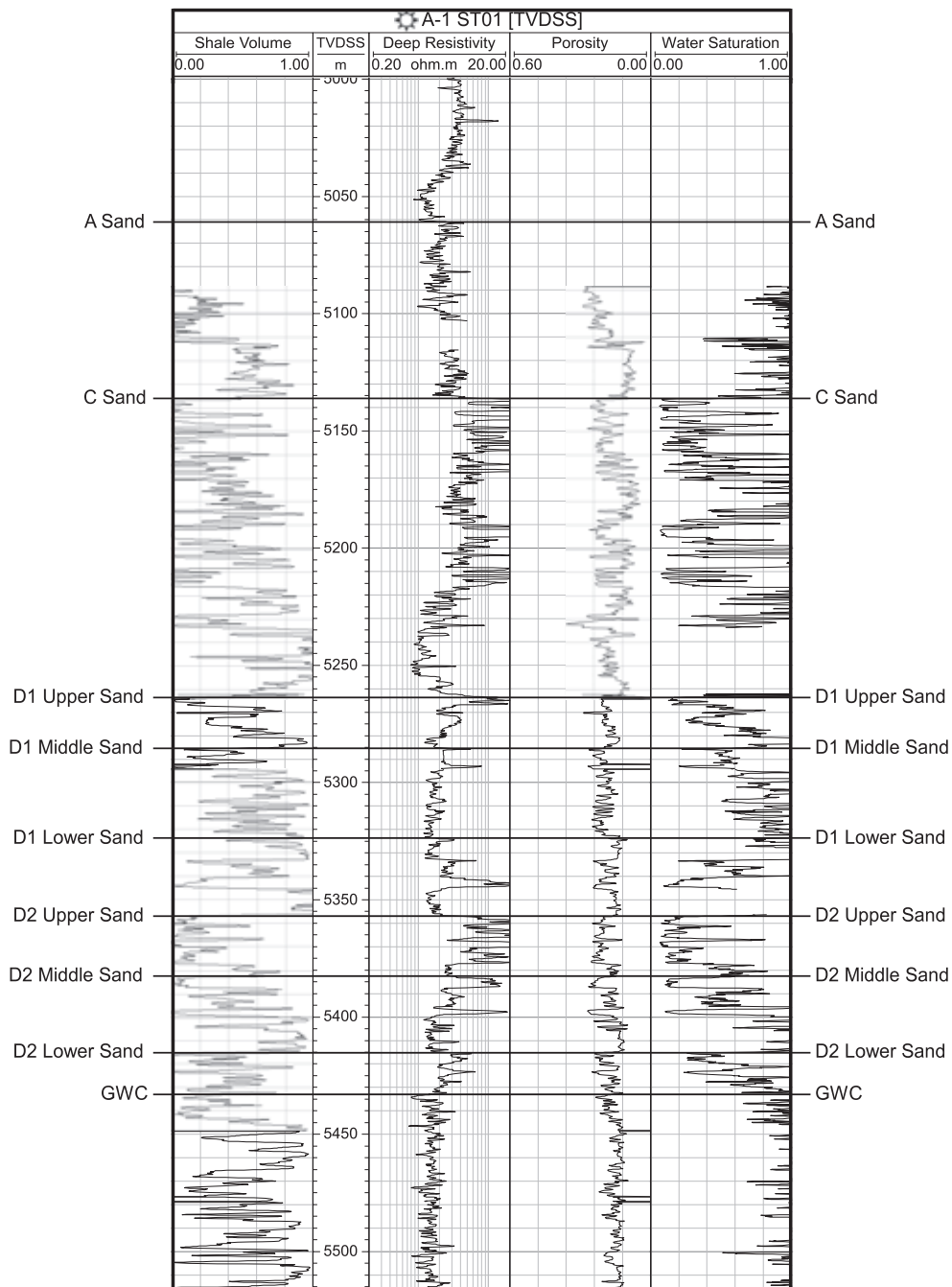
INVENTORY OF AVAILABLE WELL DATA
APHRODITE FIELD AREA, BLOCK 12, OFFSHORE CYPRUS
AS OF SEPTEMBER 30, 2022

Well	Year(s) Drilled	Current Status	Log Data	Formation Test Data	Gas and Water Samples	Core Data	Drillstem Test Results
A-1 ST01	2011	Permanently Abandoned	x	x	x	x	
Aphrodite 2 ⁽¹⁾	2012-2013	Permanently Abandoned	x	x	x	x	
A-2a	2013	Temporarily Abandoned	x	x	x	x	x

⁽¹⁾ The Aphrodite 2 well was drilled on the flank of the Aphrodite Field Area that is located in Production Lease I/20 in Israeli waters.

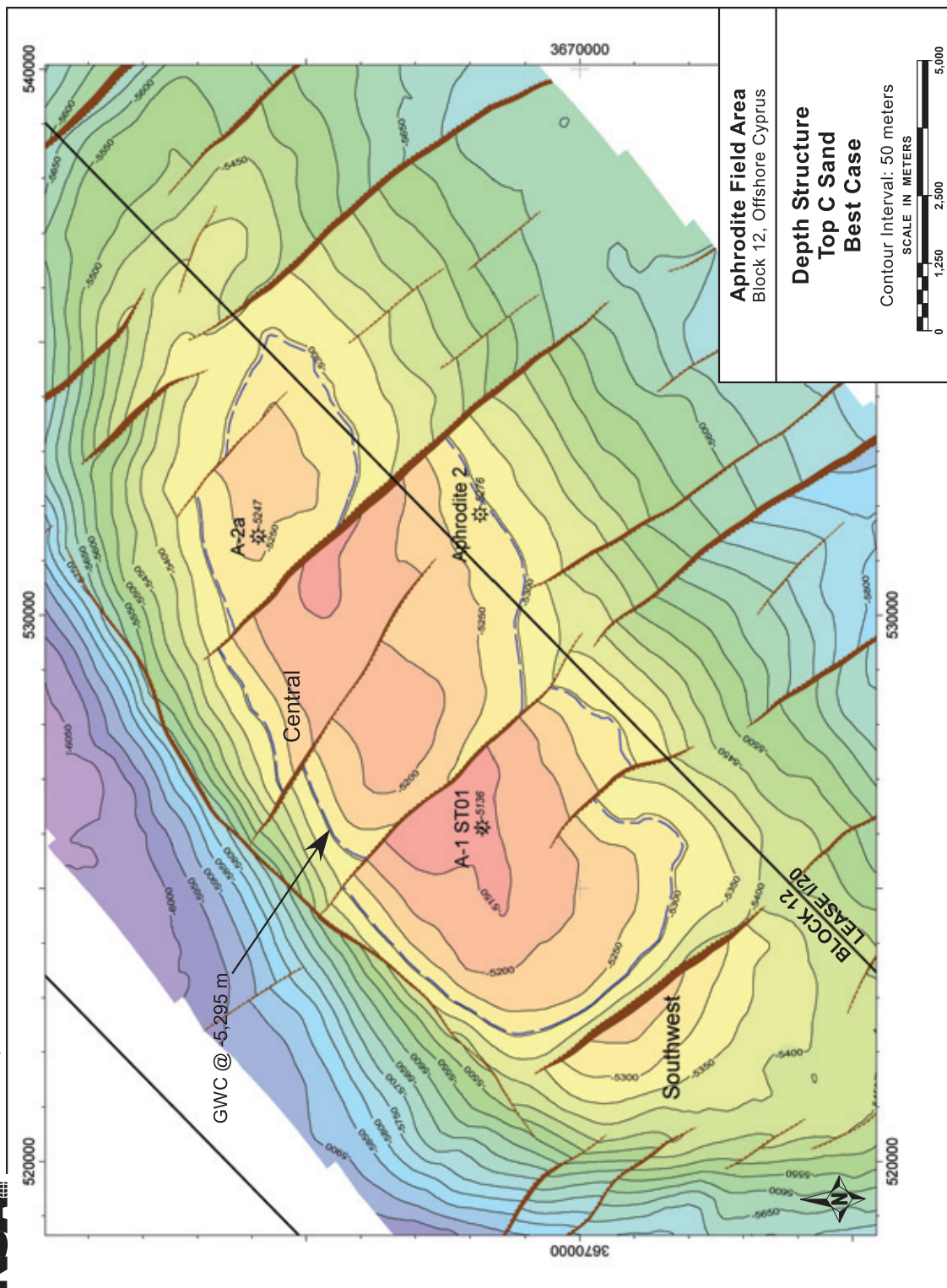
Figure 3
All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Interpreted Well Log
A, C, and D Sands - A-1 ST01 Well
Aphrodite Field Area
Block 12, Offshore Cyprus



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 4



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 5

VOLUMETRIC INPUT SUMMARY
CONTINGENT RESOURCES
APHRODITE FIELD AREA, BLOCK 12, OFFSHORE CYPRUS
AS OF SEPTEMBER 30, 2022

Fault Block/ Reservoir	Gross Rock Volume (acre-feet)			Area (acres)			Average Gross Thickness ⁽¹⁾ (feet)			Net-to-Gross Ratio (decimal)		
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
A-1 ST01												
A Sand	16,232	422,683	422,683	436	8,509	8,509	37	50	50	0.03	0.04	0.07
C Sand	671,471	1,335,571	1,335,571	3,783	5,517	5,517	177	242	242	0.44	0.48	0.61
D1 Upper Sand	75,966	400,595	400,595	1,525	6,074	6,074	50	66	66	0.34	0.39	0.49
D1 Middle Sand	31,022	611,725	611,725	556	5,383	5,383	56	114	114	0.30	0.26 ⁽²⁾	0.40
D1 Lower Sand	53,034	265,674	265,674	1,169	4,248	4,248	45	63	63	0.24	0.29	0.35
D2 Upper Sand	204,975	233,024	233,024	2,705	2,990	2,990	76	78	78	0.74	0.77	0.83
D2 Middle Sand	150,064	184,162	184,162	1,965	2,297	2,297	76	80	80	0.26	0.36	0.43
D2 Lower Sand	35,706	65,121	65,121	770	1,207	1,207	46	54	54	0.42	0.36 ⁽²⁾	0.70
A-2a												
C Sand	131,811	238,660	238,660	1,968	2,166	2,166	67	110	110	0.45	0.33 ⁽²⁾	0.49
D1 Upper Sand	72,693	72,693	72,693	1,420	1,420	1,420	51	51	51	0.26	0.40	0.75
D1 Lower Sand	105,540	137,059	137,059	1,554	1,798	1,798	68	76	76	0.32	0.36	0.50
Central												
A Sand	249,442	319,236	319,236	5,531	8,293	8,293	45	38 ⁽³⁾	38 ⁽³⁾	0.07	0.18	0.21
C Sand	1,331,072	1,372,557	1,372,557	5,912	5,912	5,912	225	232	232	0.54	0.51 ⁽²⁾	0.74
A-1 ST01												
A Sand	0.16	0.19	0.19	0.58	0.63	0.58	375	375	375	0.60	0.65	0.70
C Sand	0.21	0.21	0.20	0.68	0.73	0.70	378	378	378	0.60	0.65	0.70
D1 Upper Sand	0.21	0.20	0.20	0.56	0.67	0.65	378	378	378	0.60	0.65	0.70
D1 Middle Sand	0.23	0.23	0.23	0.53	0.46	0.48	378	378	378	0.60	0.65	0.70
D1 Lower Sand	0.22	0.21	0.20	0.64	0.70	0.69	378	378	378	0.60	0.65	0.70
D2 Upper Sand	0.21	0.21	0.21	0.74	0.81	0.79	378	378	378	0.60	0.65	0.70
D2 Middle Sand	0.21	0.21	0.21	0.68	0.70	0.69	378	378	378	0.60	0.65	0.70
D2 Lower Sand	0.23	0.20	0.19	0.54	0.61	0.60	378	378	378	0.60	0.65	0.70
A-2a												
C Sand	0.22	0.21	0.19	0.66	0.70	0.68	378	378	378	0.60	0.65	0.70
D1 Upper Sand	0.23	0.20	0.18	0.61	0.63	0.63	378	378	378	0.60	0.65	0.70
D1 Lower Sand	0.24	0.22	0.20	0.60	0.63	0.62	378	378	378	0.60	0.65	0.70
Central												
A Sand	0.20	0.18	0.18	0.54	0.60	0.59	375	375	375	0.60	0.65	0.70
C Sand	0.21	0.20	0.18	0.69	0.72	0.69	378	378	378	0.60	0.65	0.70

⁽¹⁾ Average gross thickness is calculated by dividing the gross rock volume by the area.
⁽²⁾ The best estimate net-to-gross ratio is lower than the low estimate ratio due to the inclusion of additional gross rock volume below the lowest known gas depth.
⁽³⁾ The structural character of the A Sand results in a lower average gross thickness in the best estimate and high estimate cases relative to the low estimate case.
⁽⁴⁾ The net rock volume in the low estimate case includes only higher-quality rock. The best estimate and high estimate cases include more net rock volume with lower porosity.
⁽⁵⁾ The high estimate gas saturation is lower than the best estimate case due to the use of more optimistic petrophysical cutoff parameters.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 6

SUMMARY OF UNRISKED CONTINGENT GAS RESOURCES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
APHRODITE FIELD AREA, BLOCK 12, OFFSHORE CYPRUS
AS OF SEPTEMBER 30, 2022

Fault Block/Reservoir	Original Gas-in-Place (BCF)			Unrisked Contingent Gas Resources (BCF)					
	Low Estimate	Best Estimate	High Estimate	Gross (100%)			Working Interest		
				Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
A-1 ST01									
A Sand	0.8	32.0	54.0	0.5	20.8	37.8	0.1	6.2	11.3
C Sand	698.6	1,617.4	1,848.2	419.1	1,051.3	1,293.7	125.7	315.4	388.1
D1 Upper Sand	50.2	352.1	417.3	30.1	228.9	292.1	9.0	68.7	87.6
D1 Middle Sand	20.2	293.4	437.2	12.1	190.7	306.1	3.6	57.2	91.8
D1 Lower Sand	29.7	191.3	217.0	17.8	124.4	151.9	5.3	37.3	45.6
D2 Upper Sand	394.4	507.7	524.5	236.6	330.0	367.2	71.0	99.0	110.1
D2 Middle Sand	102.1	161.3	188.6	61.3	104.9	132.1	18.4	31.5	39.6
D2 Lower Sand	29.9	47.0	87.7	17.9	30.6	61.4	5.4	9.2	18.4
A-2a									
C Sand	142.0	191.5	244.0	85.2	124.5	170.8	25.6	37.4	51.2
D1 Upper Sand	43.0	59.7	104.2	25.8	38.8	72.9	7.7	11.6	21.9
D1 Lower Sand	78.5	111.0	141.2	47.1	72.1	98.9	14.1	21.6	29.7
Central									
A Sand	30.3	102.3	113.5	18.2	66.5	79.4	5.5	19.9	23.8
C Sand	1,725.2	1,682.0	2,117.4	1,035.1	1,093.3	1,482.2	310.5	328.0	444.6

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 7

VOLUMETRIC INPUT SUMMARY
PROSPECTIVE RESOURCES
APHRODITE FIELD AREA, BLOCK 12, OFFSHORE CYPRUS
AS OF SEPTEMBER 30, 2022

Fault Block/Prospect	Gross Rock Volume (acre-feet)		Area (acres)		Average Gross Thickness ⁽¹⁾ (feet)		Net-to-Gross Ratio (decimal)	
	Lognormal Distribution	High Estimate	Lognormal Distribution	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
Central								
D1 Upper Sand	235,317	416,701	3,473	5,878	68	71	0.30	0.50
D1 Middle Sand	135,311	472,365	2,252	5,013	60	94	0.25	0.45
D1 Lower Sand	298,899	396,826	3,889	5,005	77	79	0.30	0.50
D2 Upper Sand	152,116	558,147	2,428	6,222	63	90	0.70	0.90
D2 Middle Sand	5,372	504,043	332	5,152	16	98	0.25	0.45
D2 Lower Sand	100	549,579	25	4,058	4	135	0.40	0.70
Southwest								
A Sand	97,488	146,232	1,930	2,896	51	51	0.03	0.13
C Sand	50,648	75,972	490	736	103	103	0.40	0.70
D1 Upper Sand	770	56,044	52	1,018	15	55	0.30	0.50
D1 Middle Sand	100	61,355	25	732	4	84	0.25	0.45
D1 Lower Sand	3,649	15,383	115	395	32	39	0.30	0.50
D2 Upper Sand	700	85,606	46	1,296	15	66	0.70	0.90
D2 Middle Sand	100	66,966	25	909	4	74	0.25	0.45
D2 Lower Sand	100	40,415	25	487	4	83	0.40	0.70
Gas Formation								
Fault Block/Prospect	Porosity (decimal)		Gas Saturation (decimal)		Volume Factor (SCF/RCF)		Gas Recovery Factor (decimal)	
	Normal Distribution	High Estimate	Normal Distribution	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
Central								
D1 Upper Sand	0.19	0.23	0.55	0.65	378	378	0.60	0.70
D1 Middle Sand	0.21	0.26	0.45	0.55	378	378	0.60	0.70
D1 Lower Sand	0.20	0.24	0.55	0.65	378	378	0.60	0.70
D2 Upper Sand	0.19	0.23	0.65	0.75	379	379	0.60	0.70
D2 Middle Sand	0.20	0.24	0.65	0.75	379	379	0.60	0.70
D2 Lower Sand	0.19	0.23	0.55	0.65	379	379	0.60	0.70
Southwest								
A Sand	0.16	0.20	0.50	0.60	375	375	0.60	0.70
C Sand	0.19	0.23	0.65	0.75	378	378	0.60	0.70
D1 Upper Sand	0.19	0.23	0.55	0.65	378	378	0.60	0.70
D1 Middle Sand	0.21	0.26	0.45	0.55	378	378	0.60	0.70
D1 Lower Sand	0.20	0.24	0.55	0.65	378	378	0.60	0.70
D2 Upper Sand	0.19	0.23	0.65	0.75	379	379	0.60	0.70
D2 Middle Sand	0.20	0.24	0.65	0.75	379	379	0.60	0.70
D2 Lower Sand	0.19	0.23	0.55	0.65	379	379	0.60	0.70

⁽¹⁾ Average gross thickness is calculated by dividing the gross rock volume by the area.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 8

SUMMARY OF UNRISKED PROSPECTIVE GAS RESOURCES
NEWMED ENERGY – LIMITED PARTNERSHIP INTEREST
APHRODITE FIELD AREA, BLOCK 12, OFFSHORE CYPRUS
AS OF SEPTEMBER 30, 2022

Fault Block/Prospect	Undiscovered Original Gas-in-Place (BOF)			Unrisked Prospective Gas Resources (BOF)					
				Gross (100%)			Working Interest		
	Low Estimate	Best Estimate	High Estimate	Low Estimate (1U)	Best Estimate (2U)	High Estimate (3U)	Low Estimate (1U)	Best Estimate (2U)	High Estimate (3U)
Central									
D1 Upper Sand	160.4	251.3	392.8	98.1	163.3	269.8	29.4	49.0	80.9
D1 Middle Sand	75.5	161.2	357.9	46.0	104.6	246.9	13.8	31.4	74.1
D1 Lower Sand	203.2	294.9	410.6	125.4	190.7	281.4	37.6	57.2	84.4
D2 Upper Sand	271.0	538.7	1,153.0	164.5	348.8	796.1	49.4	104.7	238.8
D2 Middle Sand	4.2	34.8	353.7	2.5	22.6	246.8	0.8	6.8	74.1
D2 Lower Sand	0.1	5.2	266.3	0.1	3.4	185.2	0.0	1.0	55.6
Southwest									
A Sand	6.0	15.1	27.4	3.8	9.8	18.5	1.1	2.9	5.6
C Sand	53.7	80.8	118.2	33.0	52.3	81.0	9.9	15.7	24.3
D1 Upper Sand	0.6	4.3	37.9	0.3	2.8	26.2	0.1	0.8	7.9
D1 Middle Sand	0.1	1.2	24.6	0.0	0.8	17.0	0.0	0.2	5.1
D1 Lower Sand	2.8	6.1	14.4	1.7	4.0	10.1	0.5	1.2	3.0
D2 Upper Sand	1.2	11.4	124.7	0.7	7.4	86.9	0.2	2.2	26.1
D2 Middle Sand	0.1	1.6	34.9	0.0	1.0	24.3	0.0	0.3	7.3
D2 Lower Sand	0.1	1.7	30.6	0.1	1.1	21.3	0.0	0.3	6.4

Note: Totals of unrisked prospective resources beyond the prospect level are not reflective of volumes that can be expected to be recovered and are therefore not shown. Because of the geologic risk associated with each prospect, meaningful totals beyond this level can be defined only by summing risked prospective resources. Such risk is often significant.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 9

SUMMARY OF GEOLOGIC RISKING
APHRODITE FIELD AREA, BLOCK 12, OFFSHORE CYPRUS
AS OF SEPTEMBER 30, 2022

Fault Block/Prospect	Trap Integrity	Geologic Risk Element (%)			Probability of Geologic Success (%)
		Reservoir Quality	Source Evaluation	Timing/ Migration	
Central					
D1 Upper Sand	100	95	100	100	95
D1 Middle Sand	100	85	100	100	85
D1 Lower Sand	100	95	100	100	95
D2 Upper Sand	100	95	100	100	95
D2 Middle Sand	100	75	100	100	75
D2 Lower Sand	100	85	100	100	85
Southwest					
A Sand	100	70	100	100	70
C Sand	100	95	100	100	95
D1 Upper Sand	100	90	100	100	90
D1 Middle Sand	100	80	100	100	80
D1 Lower Sand	100	90	100	100	90
D2 Upper Sand	100	95	100	100	95
D2 Middle Sand	100	70	100	100	70
D2 Lower Sand	100	80	100	100	80

Figure 10

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Part XV Taxation

SECTION A: UNITED KINGDOM TAXATION

The comments set out below summarise certain limited aspects of the UK tax treatment of certain Capricorn Shareholders and do not purport to be a complete analysis of all tax considerations relating to the Combination or the holding or disposing of Ordinary Shares. They are based on current UK legislation and current published HMRC practice (which may not be binding on HMRC), in each case as at the Latest Practicable Date, both of which are subject to change, possibly with retrospective effect.

The comments are intended as a general guide, and do not constitute tax or legal advice. In addition, they do not deal with certain types of Capricorn Shareholder such as charities, trustees, persons carrying on certain financial activities (including market makers, brokers, dealers in securities, intermediaries and persons connected with depository arrangements or clearance services), persons who have or could be treated for tax purposes as having acquired their Ordinary Shares by reason of their employment or office or as carried interest, persons connected with Capricorn, persons holding more than 5 per cent. of all Ordinary Shares, collective investment schemes, persons subject to UK tax on the remittance basis or insurance companies.

References below to “**UK Holders**” are to Capricorn Shareholders who are resident (and, in the case of individuals, domiciled) for tax purposes in, and only in, the United Kingdom (and to whom split-year treatment does not apply), who hold their Ordinary Shares as an investment (other than under a self-invested personal pension plan or individual savings account or other regime providing for exemption from tax) and who are the absolute beneficial owners of their Ordinary Shares. The comments set out below do not, save where expressly stated otherwise, apply to persons who are not UK Holders or discuss the consequences of the Combination for NewMed Unitholders.

IF YOU ARE IN ANY DOUBT ABOUT YOUR TAX POSITION OR YOU ARE SUBJECT TO TAXATION IN ANY JURISDICTION OTHER THAN THE UNITED KINGDOM, YOU SHOULD CONSULT AN APPROPRIATELY QUALIFIED INDEPENDENT PROFESSIONAL ADVISER IMMEDIATELY. INVESTORS SHOULD NOTE THAT TAX LAW AND INTERPRETATION CAN CHANGE AND THAT, IN PARTICULAR, THE LEVEL AND BASIS OF, AND RELIEFS FROM, TAXATION MAY CHANGE AND THAT MAY ALTER THE BENEFITS OF INVESTMENT.

1. UK taxation of chargeable gains

1.1 The Combination

There should be no UK capital gains tax or corporation tax consequences of the Combination for UK Holders who are Existing Capricorn Shareholders. Such Existing Capricorn Shareholders will continue to hold their Existing Ordinary Shares and will not be treated as having made a disposal for the purposes of UK taxation of chargeable gains.

1.2 Subsequent Disposals

Individuals

For an individual UK Holder, a disposal or deemed disposal of their Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK capital gains tax, depending upon the UK Holder’s circumstances and subject to any available exemption or relief.

An individual UK Holder whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of their Ordinary Shares and after all allowable deductions (including losses, the income tax personal allowance and the capital gains tax annual exempt amount), are less than or equal to the upper limit of the income tax basic rate band applicable to them in respect of that tax year (the “**Band Limit**”) will generally be subject to UK capital gains tax at the flat rate of 10 per cent. (for the tax year 2022-2023) in respect of any gain arising on a disposal or deemed disposal of their Ordinary Shares.

An individual UK Holder whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of their Ordinary Shares and after all allowable deductions (including losses, the income tax personal allowance and the capital gains tax annual exempt amount), are more than the Band Limit will generally be subject to UK capital gains tax at the flat rate of 10 per cent. (for the tax year 2022-2023) in respect of any gain arising on a disposal or deemed disposal of their Ordinary Shares (to the extent that, when added to that UK Holder's other taxable gains and income in that tax year, the gain is less than or equal to the Band Limit) and at the flat rate of 20 per cent. (for the tax year 2022-2023) in respect of the remainder.

The applicable capital gains tax annual exempt amount may be available to the extent it has not already been utilised by the individual UK Holder, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of the annual exempt amount.

Individuals who are temporarily not resident in the UK may, in certain circumstances, be subject to UK tax in respect of gains realised while they are not resident in the UK.

Companies

For a UK Holder within the charge to UK corporation tax, a disposal or deemed disposal of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax, subject to the application or availability of any reliefs or exemptions. Corporation tax is charged on chargeable gains at the rate of corporation tax applicable to that UK Holder.

2. UK taxation of Dividends

The Company is not required to withhold UK tax at source from dividends paid on Ordinary Shares.

The Company (or persons through whom dividends are paid) may be required to withhold foreign tax at source from dividends paid on Ordinary Shares in certain circumstances and to certain Capricorn Shareholders. The attention of Capricorn Shareholders is drawn to Section B (*Israel Taxation*) of this Part XV (*Taxation*) below in respect of Israeli withholding requirements.

2.1 Individual Capricorn Shareholders within the charge to UK income tax

The general tax treatment of dividends paid by the Company to UK Holders who are individuals is as follows:

- All dividends received by an individual UK Holder from the Company (or from other sources) will form part of the UK Holder's total income for income tax purposes and will represent the highest part of that income.
- A nil rate of income tax applies to the first £2,000 (for the tax year 2022-2023) of taxable dividend income received by an individual UK Holder in a tax year (the "**Nil Rate Amount**"), regardless of what tax rate would otherwise apply to that dividend income. The UK Government announced at the Autumn Statement on 17 November 2022 that the Nil Rate Amount would reduce to £1,000 for the tax year 2023-2024 and to £500 for the tax year 2024-2025 onwards.
- Any taxable dividend income received by an individual UK Holder in a tax year in excess of the Nil Rate Amount is taxed at a special rate, as set out below.

Where an individual UK Holder's taxable dividend income for a tax year exceeds the Nil Rate Amount, the excess amount (the "**Relevant Dividend Income**") will, subject to the availability of any income tax personal allowance, be subject to UK income tax at dividend rates determined by thresholds of income, which for the tax year 2022-2023 are as follows:

- at the rate of 8.75 per cent., to the extent that the Relevant Dividend Income falls below the threshold for the higher rate of income tax;

- at the rate of 33.75 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- at the rate of 39.35 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the Relevant Dividend Income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the UK Holder's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will, as noted above, be treated as the highest part of the UK Holder's total income for income tax purposes.

2.2 Corporate Capricorn Shareholders within the charge to UK corporation tax

UK Holders within the charge to UK corporation tax which are "small companies" (for the purposes of the UK taxation of dividends) will not generally be subject to UK tax on dividends from the Company, provided certain conditions are met.

Other UK Holders within the charge to UK corporation tax will not be subject to UK tax on dividends from Capricorn so long as the dividends fall within an exempt class and certain conditions are met. Dividends paid on non-redeemable shares that do not carry any present or future preferential rights to dividends or to the relevant company's assets on its winding up are an example of dividends that should fall within an exempt class, subject to certain anti-avoidance rules.

3. Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The following statements are intended as a general and non-exhaustive guide to the current UK stamp duty and SDRT position and apply regardless of whether or not a Capricorn Shareholder is resident in the UK for UK tax purposes.

The statements below do not cover certain types of transactions, including: (i) any transfers of Ordinary Shares within the TASE (or the TASECH); (ii) the issue of Ordinary Shares to NewMed Unitholders; and (iii) any transfer of Ordinary Shares by a Capricorn Shareholder holding their Ordinary Shares within the TASE (or the TASECH) to the LSE (including to a CREST Member) where such transfer involves a change of beneficial ownership.

Certain categories of person, including market makers, intermediaries, brokers, dealers and persons connected with clearance services and depositary receipt systems, may not be liable to stamp duty or SDRT or may be liable at a higher rate. Furthermore, such persons may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

(A) The Combination

Existing Capricorn Shareholders should not be subject to any UK stamp duty or SDRT on their Existing Ordinary Shares as a result of the Combination.

(B) Subsequent Dealings in Ordinary Shares

Except in relation to shares traded or settled through, or transferred to, depositary receipt systems, clearance services, and the TASE/TASECH (to which the special rules outlined below apply), a subsequent transfer of Ordinary Shares will generally be subject to UK stamp duty or SDRT in the normal way.

Subject to any applicable exemptions, including an exemption for certain low-value transactions, the transfer on sale of Ordinary Shares effected outside CREST will generally be liable to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration payable (rounded up to the nearest multiple of £5) or, if an unconditional agreement to transfer

the Ordinary Shares is made, whether or not the transfer is effected in CREST, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable. Where a transfer is, however, executed in pursuance of the agreement (which gave rise to the SDRT) and the document is duly stamped within 6 years of the date of the agreement, the SDRT should be cancelled and any SDRT paid should be repaid.

Stamp duty and SDRT is usually paid or borne by the purchaser.

In cases where Ordinary Shares are transferred to a connected company (or its nominee), stamp duty or SDRT may be chargeable on the higher of: (a) the amount or value of the consideration payable; and (b) the market value of the Ordinary Shares, subject to any relief which may be available for intragroup transfers.

(C) Depositary receipt systems and clearance services

Where Ordinary Shares are transferred: (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services; or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT may be chargeable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the Ordinary Shares (rounded up to the nearest multiple of £5 in the case of stamp duty).

Where Ordinary Shares are held through, or transferred to, the TASE (or the TASECH), they will be held by, or transferred to, a person within (a) above (the nominee of Euroclear Bank). The Company understands that neither Euroclear Bank nor the TASE (or the TASECH) has made an election under section 97A of the Finance Act 1986 which would apply to the Ordinary Shares.

Accordingly, transfers of Ordinary Shares from the LSE to the TASE (or the TASECH), will generally (subject to the application of the European Union (Withdrawal) Act 2018, prevailing case law on this matter, and HMRC practice (which may be subject to change)), give rise to UK stamp duty or SDRT at the higher rate of 1.5 per cent. Notwithstanding that, the Company has received confirmation from HMRC that, in accordance with the provisions of the European Union (Withdrawal) Act 2018 and prevailing case law on this matter, transfers of Ordinary Shares from the LSE to the TASE (or the TASECH) (as described above) where both (i) there is no change of beneficial ownership and (ii) the transfer takes place during the period of one month from Readmission, will not give rise to any charge to SDRT.

The Company understands that no UK stamp duty or SDRT should apply to transfers of Ordinary Shares from the TASE (or the TASECH) to the LSE where there is no change of beneficial ownership. The Company has received confirmation from HMRC that no liability to SDRT should arise in such a case.

The rules regarding the application of the higher rate of stamp duty and SDRT are complex, and specific professional advice should be sought before transferring shares to or from the TASE (or the TASECH) or any person within (a) or (b) above.

SECTION B: ISRAEL TAXATION

The comments set out below provide a brief summary of the material Israeli tax consequences applying directly to Capricorn Shareholders in connection with the Combination, and their ownership and disposal of Ordinary Shares. The comments below do not purport to be a complete analysis of all tax considerations relating to the Combination or the holding or disposing of Ordinary Shares.

The description below applies both to Existing Capricorn Shareholders and for Capricorn Shareholders who acquire Ordinary Shares on the LSE following the Combination. This summary does not discuss the Israeli tax implications of the Combination applicable to NewMed Unitholders or to Capricorn Shareholders who trade or sell their shares on the TASE. In addition, this summary does not discuss all aspects of Israeli tax law that may be relevant to a particular investor in light of his, her or its personal investment circumstances or to certain types of investors which are subject to special

treatment under Israeli law. Examples of such investors include, not for profit organisations, pension funds and other exempt institutional investors, traders in securities, partnerships and other transparent entities, individuals under the tax regime for “new immigrants” or “returning residents” and other taxpayers who are subject to special tax regimes not covered in this discussion. Because parts of this discussion are based on tax legislation that has not yet been subject to judicial or administrative interpretation, there can be no assurance that the tax authorities or the courts will accept the views expressed in this discussion.

The discussion below, which is stated as at the Latest Practicable Date, is subject to change, including due to amendments under Israeli law or changes to the applicable judicial or administrative interpretations of Israeli law, which may have retroactive effect.

THE DESCRIPTION BELOW IS NEITHER A TAX NOR LEGAL OPINION, NOR SHOULD IT BE CONSTRUED AS EXHAUSTIVE OR COMPREHENSIVE. SHAREHOLDERS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISERS. THE DISCLOSURE SET OUT IN THIS SECTION B IS NOT INTENDED TO COVER TAXATION IMPOSED BY ANY JURISDICTION OTHER THAN ISRAEL.

1. Israeli Tax Ruling

1.1 Background

Under the Business Combination Agreement, NewMed, in coordination with the Company, has agreed to prepare and file with the Israeli Tax Authority (“ITA”) an application (which must be confirmed by the Company prior to its submission) for a ruling (the “**Israeli Tax Ruling**”) confirming, among other things: (a) that the Company and anyone acting on its behalf, shall be exempt from Israeli withholding tax in relation to the allotment and issuance of New Ordinary Shares to the General Partner and the NewMed Unitholders; (b) that the drop-down of the general partner interests in NewMed from the Company to one of its subsidiaries shall be exempt, by way of deferral, from Israeli capital gains tax; (c) that the exchange of the GP Interests and the LP Interests for the New Ordinary Shares shall be treated as a “merger by means of an exchange of shares” pursuant to section 103T of the ITO; (d) that the conversion of any options granted under the NewMed options plan (or any portion thereof) from a right to acquire or receive units of NewMed into a right to purchase or receive shares in the Company will not result in a requirement for an immediate Israeli tax payment (or any tax withholding obligation), until such time as: (i) any such option is exercised; or (ii) in the case of options which are subject to tax under section 102 of the ITO, until the actual sale of the underlying shares by the holders of such options or their release from the Section 102 Trustee, in accordance with the terms of such ruling; (e) that disposals of Ordinary Shares on or after Completion by non-Israeli resident shareholders of Ordinary Shares on any stock exchange outside of the State of Israel (including the LSE) will not be subject to tax in the State of Israel (as long as the shares are dual listed both on the TASE and the LSE, or any other stock exchange, as the case may be); and (f) any other items reasonably required as agreed between NewMed and the Company.

In that context, NewMed and the Company have been in discussions with the ITA regarding the above, as well as the tax position of the Combined Group, and the Capricorn Shareholders, following completion of the Combination, with a view to obtaining the Israeli Tax Ruling.

The main principles arising from the current draft of the Israeli Tax Ruling, which are based on the current status of discussions with the ITA as at the Latest Practicable Date, are set out below. Capricorn Shareholders should be aware that as the Israeli Tax Ruling has not yet been finalised and discussions with the ITA remain ongoing as at the Latest Practicable Date, there can be no guarantee that the Israeli Tax Ruling will be obtained on the terms set out below, or at all. If the Israeli Tax Ruling is not obtained (in whole or in part) or the ITA imposes additional or different conditions as part of the Israeli Tax Ruling, the tax treatment of Capricorn Shareholders and of the Combined Group could differ materially from that set out below, or the Combination may not take place at all (see Section A (*Risks relating to the Combination*), paragraph 1 of the section of this document entitled “Risk Factors”). Obtaining the Israeli Tax Ruling on terms reasonably satisfactory to the Company and NewMed is a Condition to the Combination.

1.2 Principles arising from the current draft of the Israeli Tax Ruling

Taxation of the Combination

A ruling has been sought from the ITA as part of the Israeli Tax Ruling, that, *inter alia*, the Combination should be entitled to tax deferred treatment in accordance with the provisions of section 103T of the ITO, such that NewMed Unitholders who, in exchange for their Participation Units, and the General Partner who, in exchange for its transfer of the GP Interests, to the Company, receive a pro-rata allocation of New Ordinary Shares (without any other, direct or indirect, consideration), should not be subject to immediate Israeli tax and the Israeli tax should be deferred in accordance with the provisions of that section. As a result, the base cost of NewMed Unitholders in their Participation Units and the General Partner's base cost in the GP Interests is expected to be rolled over into the NewMed Unitholders' and the General Partner's base cost in the New Ordinary Shares that they will hold in the Company following the Combination.

As part of the Combination, immediately after the transfer of the GP Interests to the Company, the Company will transfer such rights to a new Israeli company that will be established for this purpose, in exchange for the issue of one share in that new Israeli company. A ruling has been sought from the ITA, as part of the Israeli Tax Ruling, that such transfer will also be entitled to tax deferred treatment pursuant to the provisions of section 104A of the ITO.

A ruling has also been sought from the ITA as part of the Israeli Tax Ruling, that the Company, and anyone acting on its behalf, shall be exempt from Israeli withholding tax in relation to the allotment and issuance of New Ordinary Shares to the General Partner and the NewMed Unitholders.

Non-Israeli Shareholders of the Company

A ruling has been sought from the ITA as part of the Israeli Tax Ruling that, for as long as the Company is dual listed on the TASE and the LSE (or any other stock exchange outside Israel, as the case may be), the disposal of Ordinary Shares in the Company by non-Israeli tax residents will be exempt from capital gains tax in Israel, in accordance with section 97(b2) of the ITO, and no reporting obligations in Israel will apply to such disposals, whether it is a disposal of Ordinary Shares traded within the TASE or the LSE (or any other stock exchange outside Israel).

A ruling has also been sought from the ITA as part of the Israeli Tax Ruling that distributions from the Company to Capricorn Shareholders who are non-Israeli tax residents will not be subject to Israeli tax (including by way of Israeli withholding tax) or to any reporting obligations in Israel. To the extent necessary, directions on this matter will be given to TASE members in Israel by the ITA.

Distributions to Israeli tax residents

A ruling has been sought from the ITA as part of the Israeli Tax Ruling that:

- (A) distributions from the Company to Capricorn Shareholders which are Israeli corporations, where the source of the distributions is income generated or accrued in Israel by the Company (directly or indirectly), which was subject to Israeli corporation tax and/or are received indirectly from another body of persons subject to Israeli corporation tax (including distributions to the Company from NewMed that derive from NewMed's income generated in Israel), will be subject to the provisions of section 126(b) of the ITO, and accordingly, will not be subject to additional Israeli corporation tax in the hands of such Capricorn Shareholders;

- (B) distributions from the Company to Capricorn Shareholders which are Israeli corporations, where the source of the distributions is income generated or accrued outside of Israel and which originated indirectly from a company which was subject to Israeli corporation tax (including distributions to the Company from NewMed that derive from NewMed's income generated outside of Israel), will be subject to the provisions of sections 126(c)-126(d) of the ITO, and accordingly, will not be subject to additional Israeli corporate tax in the hands of such Capricorn Shareholders. Capricorn Shareholders should note that the ITA's current position is that this should not apply in the case of distributions from the Company which were derived from the profits of non-Israeli subsidiaries of NewMed which were distributed to NewMed, to the extent that NewMed was entitled to indirect foreign tax credit (while Israeli corporate income tax paid by NewMed, or another Israeli company, with respect to such dividend income, would be credited against the tax payable by the Israeli corporate shareholder on such distributions), although this remains under discussion with the ITA; and
- (C) the ITA will instruct TASE members not to withhold tax from distributions to Israeli corporations in the circumstances set out above.

NewMed Opaque Tax Regime

As of January 1, 2022, NewMed has been regarded as a "closed partnership" as defined in the Israeli Income Tax Regulations (Rules for calculating the tax due to holding and sale of participation units in an oil exploration partnership), 5772-2021 (the "**Oil Exploration Regulations**"). As a result, NewMed and its investors have been subject to two layers of taxation, in the same way as if NewMed were a corporation. Upon completion of the Combination, NewMed will be de-listed from the TASE and will no longer meet the relevant criteria in the Oil Exploration Regulations to be regarded as a "closed partnership".

Notwithstanding that NewMed will cease to be regarded as a "closed partnership" under the Oil Exploration Regulations, a ruling has been sought from the ITA as part of the Israeli Tax Ruling that NewMed will continue to be subject to Israeli taxation as a corporation, that is, subject to taxation on all of its activities (including its non-Israeli sourced activities) in the form and manner to which it was subject prior to the Combination. In addition, and for the avoidance of doubt, NewMed will continue to file tax returns and report its taxable profits in Israel.

Tax on distributions from NewMed to the Company

A ruling has been sought from the ITA as part of the Israeli Tax Ruling that Israeli tax will be withheld from distributions of profits from NewMed to the Company, but only in respect of the portion of any such distribution that is equal to the proportion of Ordinary Shares in the Company which are held by non-Israeli tax resident Capricorn Shareholders at the time of the distribution by NewMed (the "**Taxable Portion**"). For this purpose, the proportion of Ordinary Shares in the Company held on the LSE (as opposed to the TASE) is broadly taken to be a proxy for the proportion of shares held by non-Israeli tax residents, with an adjustment to add non-Israeli Capricorn Shareholders holding at least 5% of the Company through the TASE to such proportion and to deduct Israeli Capricorn Shareholders holding at least 5% of the Company through the LSE from such proportion (each, a "**Proportion Adjustment**").

The rate of such withholding tax in respect of the Taxable Portion remains under discussion with the ITA, with the range under discussion being between five per cent. and the ITA's current position of 15 per cent.. This range reflects ongoing negotiations with the ITA about what the appropriate withholding tax rate should be, based on the dividend withholding tax rates set out in the double taxation conventions between Israel and the major jurisdictions of Capricorn investors. By way of example, assuming the Taxable Portion at the time of the distribution is 10 per cent., the withholding tax imposed on a distribution of profits from

NewMed to the Company would be between 0.5 and 1.5 per cent. of the total amount of the distribution, depending on the rate of withholding tax agreed with the ITA. The Taxable Portion at Completion is expected to be 10.3 per cent., assuming no Proportion Adjustment is required. Capricorn Shareholders should note that the Taxable Portion may vary over time as Ordinary Shares are traded by Capricorn Shareholders or moved between the LSE and the TASE.

This Israeli withholding tax regime applicable to distributions from NewMed to the Company is referred to as the **“Intra-Group Profit Distribution Regime”** in this section and, for the avoidance of doubt, does not apply to distributions from the Company to Capricorn Shareholders (in respect of which further information is set out elsewhere in this Section B (*Israel Taxation*)).

Investments in new non-Israeli assets

It is expected that the Israeli Tax Ruling will require the Company to establish a new non-Israeli entity through which all new investments in non-Israeli assets will be made (the **“Designated Entity for New Investments”**). The ITA’s position is that, notwithstanding that the Designated Entity for New Investments will not itself be an entity subject to Israeli tax, distributions from the Designated Entity for New Investments to the Company should be subject to Israeli withholding tax consistent with the Intra-Group Profit Distribution Regime.

Restrictions on amount of profit which can be retained within the Company following the Combination

It is expected that the Israeli Tax Ruling will set out mechanisms to ensure that, following the Combination, distributions from NewMed to the Company are not retained in their entirety within the Company. Accordingly, it is expected that, pursuant to the Israeli Tax Ruling, the Company will be required to use the proceeds of distributions from NewMed in the following ways: (i) to fund distributions to Capricorn Shareholders; (ii) to finance the Combined Group’s on-going operational expenses; (iii) to repay any debt owed by the Company or the Combined Group; and/or (iv) to finance investments in assets outside Israel.

Restrictions concerning equity and debt raised by the Company and invested in NewMed or the Designated Entity for New Investments

It is expected that the Israeli Tax Ruling will set out mechanisms to ensure that the Intra-Group Profit Distribution Regime is not avoided. These mechanisms are expected to include a requirement that, from Completion, the proceeds of any future equity raising undertaken by the Company will not be transferred to NewMed or the Designated Entity for New Investments by way of intercompany debt. This requirement is not expected to prevent the Company from borrowing or otherwise raising debt, the proceeds of which are then transferred to NewMed or the Designated Entity for New Investments by way of intercompany debt at arm’s length.

Capricorn Shareholders should be aware that, as mentioned above, as at the Latest Practicable Date, the provisions of the Israeli Tax Ruling described above remain subject to ongoing discussion with the ITA. As such, there can be no guarantee that the Israeli Tax Ruling will be obtained on the terms set out above, or at all. If the Israeli Tax Ruling is not obtained (in whole or in part) or the ITA imposes additional or different conditions as part of the Israeli Tax Ruling, the tax treatment of Capricorn Shareholders and of the Combined Group could differ materially from that set out in this Combined Prospectus and Circular, or the Combination may not take place at all. Obtaining the Israeli Tax Ruling on terms reasonably satisfactory to the Company and NewMed is a Condition to the Combination.

It should also be noted that certain provisions of the Israeli Tax Ruling (including the tax deferred treatment of the Combination) will be subject, *inter alia*, to the compliance of the Combined Group and, in certain cases, Delek Group, with certain provisions of the Israeli Tax Ruling and the ITO which normally apply to transactions of this type, including that (i) the Company maintains a holding of at

least 51% of the partnership rights of NewMed during the two years following Completion; and (ii) Delek Group (or any other equity holder of the Company and NewMed immediately after the Combination that is deemed to be a “controlling” shareholder under Section 103K of the ITO before the Combination), continues to hold rights in the Company, which constitute at least 25% of the total rights in the Company held by all such holders in the aggregate as at Completion of the Combination, during the two years following Completion. Capricorn Shareholders should refer to Section A (*Risks relating to the Combination*), paragraph 1 of the section of this document entitled “Risk Factors” for further information.

2. Israeli Capital Gains Tax

2.1 The Combination

There should be no Israeli capital gains tax or corporate tax consequences of the Combination for Existing Capricorn Shareholders. Such Existing Capricorn Shareholders will continue to hold their Existing Ordinary Shares and will not be treated as having made a disposal for the purposes of Israeli taxation of chargeable gains.

2.2 Subsequent Disposals

The ITO distinguishes between a real capital gain and an inflationary surplus. The inflationary surplus is, generally, a portion of the total capital gain which is equivalent to the increase of the relevant asset's cost basis which is attributable to the increase in the Israeli consumer price index, between the date of purchase and the date of sale (under certain circumstances, linkage to a foreign currency may or shall be used to determine the inflationary surplus). The real gain is the excess of the total capital gain over the inflationary surplus. While the inflationary gain for assets purchased after January 1, 1994 is generally exempt from tax, the real capital gain may or may not be subject to tax as further described below. Shareholders should consult their own tax advisers as to the method they should use to determine the inflationary surplus.

(A) Israeli residents

Israeli resident individuals

Capital gains recognised by Israeli resident individuals from a disposal of Ordinary Shares, who are: (i) Existing Capricorn Shareholders who purchased their shares after January 1, 2012; or (ii) shareholders who acquire their Ordinary Shares in the market after the Combination, will be taxed at their marginal tax rates, capped at the rate of 25 per cent. However, if such a shareholder claims a deduction for interest and linkage difference expenses in connection with the shares sold, the tax on the real capital gain will generally be capped at a rate of 30 per cent.

In addition, if such individual is holding or is entitled to acquire, directly or indirectly, alone or together with such person's “relative” or another person who collaborates with such person on a permanent basis based on an agreement, at least 10 per cent. of the “Means of Control” (a “Major Stockholder”) on the date of disposal or on any date falling within the 12-month period preceding that date of disposal, such Major Stockholder would be subject to Israeli capital gains tax at the rate of 30 per cent. The Means of Control include, *inter alia*: (i) the rights to profits; (ii) the right to appoint a board member, general manager or similar officeholders; (iii) voting rights; (iv) the right to receive the Company's profits or its assets upon liquidation; or (v) the right to instruct any other person to do any of the foregoing.

The actual capital gains tax rates or the applicable withholding tax rates which may apply to individual shareholders on the disposal of Ordinary Shares (which may be effectively higher or lower than the rates mentioned above) are subject also to various factors including, *inter alia*, the date on which the shares were purchased, whether the shares are held through a nominee company or by the shareholder, the identity of the shareholder and certain tax elections which may have been made in the past by the shareholder.

Israeli residents (companies and individuals) may be able to utilise a capital loss recognised upon a disposal of Ordinary Shares in accordance with the provisions of the ITO. Capricorn Shareholders should consult their own tax advisors with respect to the timing, ability, and sources of income against which they may utilise such a loss.

(B) Israeli resident companies

Under current Israeli tax legislation, the tax rate applicable to real capital gains derived by Israeli resident corporations from the sale of shares of non-Israeli corporations (including the Company) is the general corporate tax rate. The general corporate tax rate is currently 23 per cent. Due to certain provisions of the ITO, the actual effective rate of capital gains tax applicable to certain companies may be different than that specified above.

Individual and corporate shareholders dealing in securities in Israel are taxed at the tax rates applicable to “business income,” currently 23 per cent. for companies and a marginal tax rate of up to 47 per cent. for individuals.

(C) Non-Israeli residents

Israeli capital gains tax is imposed on the disposal of capital assets by a non-Israeli resident if such assets are: (i) located in Israel; (ii) shares or rights to shares in an Israeli resident company; (iii) represent, directly or indirectly, rights to assets located in Israel; or (iv) shares in a foreign corporation, which is principally the owner of rights, directly or indirectly, over property located in Israel, in respect of that part of the consideration that stems from the property located in Israel, unless there is an exemption under domestic law or a tax treaty between Israel and the seller’s country of residence. Given that post-Completion, a significant portion of the value of the Company will be derived from Israeli assets, absent such an exemption, Israeli tax may be imposed on any capital gains derived from a disposal of shares by a non-Israeli resident.

Under the Israeli domestic tax law, foreign residents are exempt from Israeli capital gains tax on a disposal of securities (other than REITs and short-term government bonds) traded on the TASE provided that: (i) the gain is not attributable to a permanent establishment in Israel; and (ii) the securities were purchased after listing on the TASE (if the securities were purchased before their listing, the post-IPO gain will be exempt while the pre-IPO gain may be entitled to other exemptions available under law, subject to their terms). In addition, there is an exemption with respect to shares not traded on the TASE, however this exemption is not applicable in the case of a security which on the day of its acquisition, or during the two years before its disposal, derives most of its value, directly or indirectly, from a right to exploit natural resources in Israel. Since after Completion of the Combination, a significant part of the Company’s value will be derived from the right to exploit natural resources in Israel, the aforementioned exemption may not apply.

In addition, the Israeli Income Tax Regulations provide that shareholders that are not Israeli residents (individuals and corporations) are generally exempt from Israeli capital gains tax on any gains derived from the sale, exchange or disposal of shares of an Israeli resident company, listed on a non-Israeli stock exchange, provided, *inter alia*, that certain conditions are met. The main conditions are that: (i) such gains are not derived through a permanent establishment that the non-Israeli resident maintains in Israel; (ii) the shares were purchased after being listed on the non-Israeli stock exchange; and (iii) the capital gains from shares being sold are neither subject to section 101 of the ITO, nor to the Israeli Income Tax Law (Inflationary Adjustments) 5745-1985. A literal interpretation of this exemption may suggest that it applies only with respect to shares of an Israeli resident company and not, for example, to the Company (which is a non-Israeli resident company).

Given the above, the Company and NewMed have sought confirmation from the ITA as part of the Israeli Tax Ruling that disposals of shares on or after Completion by non-Israeli resident shareholders of Ordinary Shares, whether they are disposals of Ordinary Shares traded within the TASE or the LSE (or any other stock exchange outside Israel), will be exempt from capital gains tax in the State of Israel, and no reporting obligations in Israel will apply to such disposals (in each case, so long as the shares are dual-listed both on TASE and the LSE). No assurance can be given that the Israeli Tax Ruling will be obtained prior to the Combination, or at all, or, if obtained, what the terms thereof may be.

With respect to the entitlement of Capricorn Shareholders which are non-Israeli corporations to the abovementioned exemptions from capital gains upon disposals of Ordinary Shares, it should be mentioned that non-Israeli corporations will not be entitled to relief or exemption applicable to foreign residents, if Israeli residents: (i) have a controlling interest of more than 25 per cent. in such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25 per cent. or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

Additionally, a sale of shares may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty between Israel and the residence country of the applicable shareholder.

Absent an exemption (whether by virtue of the provisions of the Israeli Tax Ruling, the ITO, or an applicable treaty), non-Israeli resident corporations and non-Israeli resident individuals, will be subject to Israeli tax on a disposal of Ordinary Shares, in respect of that part of the consideration that stems from the property located in Israel, in a manner similar to that described with respect to Israeli corporations and Israeli individuals, *mutatis mutandis*.

3. Taxation of Dividends

(A) Israeli Residents

Israeli resident individuals

Israeli residents who are individuals should generally be subject to Israeli income tax for dividends paid on Ordinary Shares at the rate of 25 per cent., or 30 per cent. if the recipient of such dividend is a Major Stockholder, at the time of distribution or at any time during the preceding 12-month period.

Israeli resident companies

Generally, dividends paid by the Company to Israeli resident corporations are subject to the general Israeli corporate tax rate (23 per cent. in 2022).

However, according to the ITO, in general, dividends received by Israeli corporations which were derived from income accrued or generated in Israel, and were received directly or indirectly from another corporation which is subject to Israeli corporate tax should not be subject to Israeli corporate tax. In order to confirm the application of this rule to distributions made by the Company, the Company and NewMed have sought confirmation as part of the Israeli Tax Ruling that this rule shall apply to dividend distributions made by the Company so that dividends distributed to Israeli corporations by the Company derived from NewMed's profits or the Company's profits from an activity in Israel which was subject to Israeli corporate tax (whether at the level of NewMed or otherwise) should not be subject to additional Israeli tax.

In addition, under the ITO, in general, dividends received by Israeli corporations which were derived from income accrued or generated outside Israel, and were received directly from another corporation which is subject to Israeli corporate tax are subject to Israeli corporate tax with a credit or deemed credit for Israeli corporate tax to which the distributing company was subject; in other words, no additional Israeli corporate tax should be imposed on such dividend income. In order to confirm the application of this rule to distributions made by the Company, the Company and NewMed have sought confirmation as part of the Israeli Tax Ruling that this rule shall apply to dividend distributions made by the Company so that dividends distributed to Israeli corporations by the Company whether directly or indirectly derived from NewMed's (or any other subsidiary subject to Israeli corporate tax) income accrued or generated outside Israel, should not be subject to additional Israeli tax. Capricorn Shareholders should note that the ITA's current position is that this should not apply in the case of distributions from the Company which were derived from the profits of non-Israeli subsidiaries of NewMed which were distributed to NewMed, to the extent that NewMed was entitled to indirect foreign tax credit (while Israeli corporate tax paid by NewMed, or another Israeli company, with respect to such dividend income, would be credited against the tax payable by the Israeli corporate shareholder on such distributions), although this remains under discussion with the ITA.

No assurance can be given that the Israeli Tax Ruling will be obtained prior to the Combination, or at all, or, if obtained, what the terms thereof may be.

Dividends from the Company which were derived from non-Israeli activity which was not subject to Israeli corporate tax may be entitled to an indirect foreign tax credit in accordance with, and subject to, the provisions of the ITO.

Israeli residents (companies and individuals) may offset certain types of losses against dividend income from Ordinary Shares in accordance with the provisions of the ITO. Capricorn Shareholders should consult their own tax advisors with respect to the timing, ability, and sources of losses which they may utilise against such dividend income.

(B) Non-Israeli Residents

Generally, under the ITO, the source of a dividend is based on the tax residence of the distributing corporation and, therefore, dividend distributions from a non-Israeli resident corporation (such as the Company, as long as it is managed and controlled outside Israel) to a non-Israeli resident shareholder should not be subject to Israeli tax. In order to confirm the application of this rule to distributions made by the Company, the Company and NewMed have sought confirmation, as part of the Israeli Tax Ruling, that dividends distributed from the Company to non-Israeli resident shareholders should not be subject to Israeli tax.

No assurance can be given that the Israeli Tax Ruling will be obtained prior to the Combination, or at all, or, if obtained, what the terms thereof may be.

(C) Mandatory reporting to the ITA

In respect of capital gains by Israeli resident investors, a detailed return, including a computation of the tax due, must be filed and an advance payment must be paid on January 31 and July 30 of each tax year for sales of securities traded on a stock exchange made within the previous six months. However, if all tax due was withheld at source in accordance with the applicable provisions of the ITO and the regulations promulgated thereunder, the return does not need to be filed, provided that: (i) such income was not generated from a business conducted in Israel by the taxpayer; (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed and an advance payment does not need to be made; and (iii) the taxpayer is not obligated to pay excess tax (as further explained below). Capital gains are also reportable on an annual income tax return.

(D) Excess Tax

Individuals who are subject to tax in Israel are also subject to an additional tax at a current rate of 3 per cent. on their annual income exceeding a certain threshold (ILS 663,240 for 2022, which amount is linked to the annual change in the Israeli consumer price index), from all sources including, but not limited to, dividends, interest and capital gain, subject to the provisions of an applicable tax treaty.

(E) Withholding Tax

In some instances where Capricorn Shareholders may be liable for Israeli tax on the sale of their Ordinary Shares, the payment of the consideration for the sale of their shares may be subject to the withholding of Israeli tax at source. Capricorn Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale. Specifically, in transactions involving a sale of all of the shares of the Company, in the form of a merger or otherwise, the ITA may require shareholders who are not liable for Israeli tax to sign declarations in forms specified by the ITA or obtain a specific exemption from the ITA to confirm their status as non-Israeli residents and, in the absence of such declarations or exemptions, may require the purchaser of the Ordinary Shares to withhold taxes at source.

You are urged to consult with your own tax advisor for a full understanding of the tax consequences of the Combination to you, including the consequences under any applicable state, local, foreign or other tax laws.

Part XVI
Directors, Employees and Corporate Governance

1. Directors

1.1 Overview

The Board provides leadership to the Capricorn Group with a view to delivering long-term value to Capricorn Shareholders and other stakeholders. It sets the strategy and oversees its execution within an agreed framework of internal controls, ensuring that risk is appropriately managed.

1.2 Current Board of Directors

The following table sets out the name, position and year of appointment of each member of the current Board:

Name	Current position in respect of Capricorn	Year of appointment
Nicoletta Giadrossi	Non-Executive Chair	2017
Simon Thomson	Chief Executive Officer	2006
James Smith	Chief Financial Officer	2014
Keith Lough	Non-Executive Director	2015
Peter Kallos	Non-Executive Director	2015
Alison Wood	Non-Executive Director	2019
Catherine Krajicek	Non-Executive Director	2019
Erik Daugbjerg	Non-Executive Director	2020
Luis Araujo	Non-Executive Director	2022

The business address of each of the Directors is 50 Lothian Road, Edinburgh, EH3 9BY.

Each of the Directors (other than Peter Kallos, James Smith, Alison Wood and Keith Lough) will resign from the Board with effect from Completion, at which point, the following individuals listed in paragraph 1.3 below will be appointed to the Board.

1.3 Proposed Board of Directors

The following table sets out the name and position of each member of the Board from Completion:

Name	Position after Completion
Peter Kallos	Chair
Yossi Abu	Chief Executive Officer
James Smith	Chief Financial Officer
Gabriel Last	Delek Group representative
Leora Pratt Levin	Delek Group representative
Alison Wood	Independent Non-Executive Director
Keith Lough	Independent Non-Executive Director
Amit Lang	Independent Non-Executive Director
Rui De Sousa	Independent Non-Executive Director

The business address of each of the Proposed Directors immediately after Completion will continue to be 50 Lothian Road, Edinburgh, EH3 9BY.

1.4 Biographies of the new Board

The relevant management experience and expertise and principal business activities outside of Capricorn of each Proposed Director from Completion are set out below.

(A) Peter Kallos

Peter Kallos completed an undergraduate degree in Applied Physics at Strathclyde University followed by a postgraduate degree in Petroleum Engineering, starting his career as a Petroleum Engineer at Marathon Oil in 1982. Following a period at Carless Exploration, he joined Enterprise Oil in 1988 where he held a number of senior management positions including Head of Business Development, CEO Enterprise Italy and General Manager of the UK business during which he was appointed to Enterprise's Executive Committee.

After a short period at Shell UK following its acquisition of Enterprise in 2002, Peter was appointed Executive Vice President International and Offshore for Petro-Canada. There he led and developed a significant international exploration and production business based in London which grew to account for more than half of Petro-Canada's worldwide production. Following Petro-Canada's merger with Suncor in 2009 he performed the same role for Suncor until the business was relocated to Canada in early 2010.

Peter is currently Executive Chairman of Buried Hill Energy, a UK based oil and gas business with activities in the Turkmen sector of the Caspian Sea.

(B) Yossi Abu

Mr. Yossi Abu is the CEO of NewMed since 2011, and has previously served, *inter alia*, as CEO of Avner Oil Exploration, CEO of Delek Energy Systems Ltd., Chairman of the Board of Tamar Petroleum Ltd., and as Senior Professional Advisor to Minister of Finance Roni Bar-On, in the context of which he was involved in the formation of the State budget and in structural reforms in the Israeli economy. Yossi holds an LL.B from the Hebrew University of Jerusalem.

(C) James Smith

James Smith has served as CFO of Capricorn since 2014. James has led the Company's financings since that time, including facilities to finance development of Catcher and Kraken projects in the UK North Sea and acquisition facilities for the group's entry into Egypt. He has also been instrumental in the Company's active portfolio management, including the sale of its interests in the UK, Norway and Senegal and the acquisition of its business in Egypt, and he played a key part in managing the Company's tax disputes in India and ultimately securing a US\$1.06 billion tax refund. Prior to joining Capricorn, James worked as an Investment Banker at Rothschild and before that at Merrill Lynch, advising energy companies on M&A and equity and debt capital markets. During this time James worked on several transactions as an adviser to Capricorn, including on the IPO of Cairn India, and subsequent sale of the Indian interests and UK North Sea acquisitions.

(D) Gabriel Last

Mr. Last is chairman of the board of NewMed Energy Management Ltd., and has previously served, *inter alia*, as Chairman of the Board of the Delek Group, Delek Energy, and the Delek Foundation for Education, Culture, and Science (CIC), and a director of various companies within the Delek Group.

Mr. Gabriel Last has previously served as CEO of the Delek Group, CEO of the Israel Insurance Association, and Deputy Inspector General of Israel Police with the rank of Major General. He won a Distinguished Service Medal for rescuing combatants under fire.

He holds an LL.B from Tel Aviv University and an MA (cum laude) in Political Science and Mathematics from the University of Haifa.

He also a graduate of the Advanced Management Program at Harvard University and was awarded a Doctorate Honoris Causa by Netanya Academic College.

(E) Leora Pratt Levin

Ms. Pratt Levin is Senior VP, Chief Legal Counsel, and Company Secretary of the Delek Group, and a director of various companies within the Delek Group.

She holds a BA in Political Science from Tel Aviv University and an LL.B from the University of Reading in England.

Member of the Israel Bar since 1991.

(F) Alison Wood

Alison Wood holds a BA in Engineering, Economics and Management from the University of Oxford and an MBA from Harvard Business School. She began her career with management consultants, Booz Allen & Hamilton, followed by Outram Cullinan & Company, before moving to BAE Systems PLC, where she held a number of leadership roles in strategy and business development, progressing to the role of Group strategic development director, including playing a key role in the British Aerospace / Marconi merger.

After 17 years with BAE, Alison moved to National Grid as global director of strategy and corporate development, where she supported the execution of a major equity financing to deliver the company's organic growth plans. She remained at National Grid until retiring from her executive position there in 2013. During and following her time at BAE and National Grid, Alison has held a number of non-executive positions and committee memberships (audit, nomination and remuneration), including at BTG plc, THUS plc, e2v PLC (where she was senior independent director until its acquisition by Teledyne in 2017), Cobham PLC and Costain plc.

Alison is non-executive Chair of Galliford Try Holdings PLC, and non-executive director and remuneration committee chair of TT Electronics PLC and Oxford Instruments plc and is a non-executive director of The British Standards Institution.

(G) Keith Lough

Keith Lough graduated from the University of Edinburgh in 1981 with a degree in Economics and completed a graduate training programme at British Gas, where he qualified as a chartered certified accountant in 1985. He subsequently obtained an MSc in Finance from London Business School. Keith held a number of senior finance and operational positions at LASMO PLC. During his career at LASMO Keith was part of the leadership team that completed numerous transactions and a major business transformation before later joining British Energy PLC as Finance Director, a post he held from 2001 to 2004. During his tenure at British Energy, Keith led the complex restructuring negotiations with the Government and its creditors.

Keith went on to become a Founder Shareholder and Chief Executive of Composite Energy Ltd from 2004 until 2011, when Composite was divested to Dart Energy. Composite was a privately owned business which successfully took coal-bed methane from exploration to early production, acquiring coal-bed methane licences and establishing drilling operations in both the UK and Europe in a JV with BG Group.

Keith was a non-executive director and chairman of the audit committee of the UK Gas and Electricity Markets Authority, which has supervisory responsibility for Ofgem and was previously and a non-executive director of Papua Mining PLC and Rock Solid Images PLC. He was non-executive chairman of Gulf Keystone Petroleum plc during its financial restructuring and is currently non-executive chairman of Rockhopper Exploration PLC and a non-executive director and Senior Independent Director of Hunting plc. Keith is also non-executive chairman of Southern Water.

(H) **Amit Lang**

Mr. Lang was appointed CEO of Mekorot, the Israeli National Water Company, in 2022, having previously served in various government departments of the State of Israel, which include, inter alia, serving as Director General of the Ministry of Economy and Industry, in the context of which he led major structural reforms, developed the New-Tech program with respect to the energy and water sectors and strengthened trade relations with developing economies, and serving as Deputy Budget Director in the Ministry of Finance.

Mr. Lang is also chairman of EMS Mekorot Projects, a subsidiary of Mekorot, having previously served as its CEO. He has also served, inter alia, as director of the IEC, VP of Partner Communications Company Ltd, a telecommunications company listed on TASE and Nasdaq, and various bilateral government funds that focus on mutual investments in industrial research and development.

He holds a BA in Economics and Management from the Tel Aviv-Jaffa Academic College, an MBA (magna cum laude) from the School of Business Administration, and an MA in Economic and Public Policies from the School of Government at Tel Aviv University.

(I) **Rui De Sousa**

Rui de Sousa is a Portuguese national, born in Lisbon in 1955 and educated in Portugal and Switzerland who has been involved in the oil industry for over 40 years.

In addition to being the co-founding partner of Quantic Group, Rui de Sousa, was a shareholder of the I.E.S. group of Mantova (Refinery and Distribution) which was successfully sold to M.O.L of Hungary for close to €500 million after a deep group restructuring.

In 1999 Rui de Sousa created a consortium of investors which acquired 25 per cent. of SOCO International plc (now Pharos Energy), an independent oil and gas exploration and production company headquartered in London and quoted on the London Stock Exchange. SOCO International plc's main operations were in the Far East, North and West Africa, and the Middle East. He held a seat on the board of SOCO International plc for over 20 years (including 13 years as chairman of the board) and since the investment by Mr de Sousa's consortium, SOCO International plc has distributed over US\$500 million in dividends. He retired from the board of SOCO International plc in March 2020.

1.5 Senior Managers

In addition to the Directors, the current members of the senior executive team with responsibility for day-to-day management of the Capricorn Group's business (other than the Company's Chief Executive Officer and Chief Financial Officer) (together, the "**Senior Managers**") are set out below.

Name	Current position in respect of Capricorn
Paul Mayland	Chief Operating Officer
Eric Hathon	Exploration Director

The business address of each of the Senior Managers is 50 Lothian Road, Edinburgh, EH3 9BY.

1.6 Other directorships and partnerships

The details of those companies and partnerships outside the Capricorn Group in which the Directors, the Proposed Directors and the Senior Managers are, or have been, members of the administrative, management and supervisory bodies or partners at any time during the five years prior to the Latest Practicable Date are set out below.

This section only includes references to commercial, profit-making companies and partnerships. It does not include positions held in charitable, non-profit or voluntary initiatives, industry associations, professional bodies, educational institutions or interest groups.

(A) Directors

Name	Interests	Status (Current / Previous)
Nicoletta Giadrossi	Non-Executive Director of Brembo S.p.A	Current
	Non-Executive Director of Koninklijke Vopak N.V.	Current
	Non-Executive Director of TecHouse AS	Current
	Non-Executive Chair of Ferrovie dello Stato Italiane S.p.A	Current
	Non-Executive Director of Falck Renewables	Previous (resigned 14 July 2022)
	Non-Executive Director of IHS Markit Ltd	Previous (resigned 28 February 2022)
	Non-executive director of Fincantieri S.p.A.	Previous (resigned 23 March 2019)
Simon Thomson	Non-Executive Director of Graham's The Family Dairy Limited	Current
	Non-Executive Director of Graham's The Family Dairy Group Limited	Current
	Non-Executive Director of Edinburgh Art Festival	Previous (resigned 8 December 2022)
James Smith	None	N/A
Keith Lough	Non-Executive Chairman of Southern Water	Current
	Non-Executive Chairman of Rockhopper Exploration PLC	Current
	Non-Executive Director and Senior Independent Director of Hunting plc	Current
	Non-Executive Director of the UK Gas and Electricity Markets Authority	Previous (resigned 31 July 2019)
	Chairman of RSI Geoscience Ltd	Previous (resigned 19 September 2018)
	Non-Executive Chair of Gulf Keystone PLC	Previous (resigned 11 April 2018)
Peter Kallos	Executive Chairman of Buried Hill Energy	Current
Alison Wood	Non-Executive Director of TT Electronics plc	Current
	Non-Executive Director of Oxford Instruments plc	Current
	Non-Executive Director of The British Standards Institution	Current

Name	Interests	Status (Current / Previous)
	Non-Executive Chair of Galliford Try PLC	Current
	Non-Executive Director of Costain plc	Previous (resigned 28 January 2022)
	Non-Executive Director of Cobham plc	Previous (resigned 22 January 2020)
Catherine Krajicek	Vice President - Conventional Assets of Marathon Oil Company	Previous (resigned 1 April 2018)
Erik Daugbjerg	Director of Kimbell Royalty Partners	Current
	Co-Founder of Pecos Operating Company, LLC	Current
	Pecos Energy Partners, L.P.	Current
	Dansk Operating Company LLC	Current
	Dansk Pipeline L.P.	Current
	Dansk Logistics LLC	Current
	Happy Hollow Partners GP, LLC	Current
	Happy Hollow Partners LP	Current
	Happy Hollow Properties LLC	Current
Luis Araujo	Chair of Principle Power Inc	Current
	Chair of OceanPact Servicios Maritimos SA	Current
	Non-Executive Director of DBO Energy SA	Current
	Independent Director of Akastor ASA	Current
	Independent Director of Mageis Fairfield ASA	Previous (resigned 3 November 2022)
	CEO and President of Aker Solutions	Previous (resigned 1 August 2020)

(B) Proposed Directors

Name	Interests	Status (Current / Previous)
Peter Kallos	Executive Chairman of Buried Hill Energy	Current
Yossi Abu	Chief Executive Officer of NewMed Energy Limited Partnership	Current
	Chief Executive Officer of NewMed Energy Management Limited	Current
	Chief Executive Officer of Delek Energy Systems Ltd.	Previous (ended 14 March 2020)
	Chief Executive Officer of Avner Oil & Gas Exploration – Limited Partnership	Previous (ended 16 May 2017)

Name	Interests	Status (Current / Previous)
James Smith	Chairman of the board of directors of Tamar Petroleum	Previous (ended 17 January 2019)
	Director of Ithaca Energy plc	Previous (ended 1 March 2018)
	None	N/A
Gabriel Last	NewMed Energy Management Ltd.	Current
	NewMed Energy plc	Current
	Delek Group Ltd.	Previous (ceased March 2022)
	Delek Energy Systems Ltd.	Previous (ceased September 2022)
	Delek Foundation for Education, Culture and Science (CIC)	Current
	Delek Power Plant Management Ltd.	Previous (ceased September 2022)
	Delek Petroleum Ltd.	Previous (ceased September 2022)
	Delek Infrastructures Ltd.	Previous (ceased September 2022)
	Delek Group Royalty Ltd.	Previous (ceased September 2022)
	Delek Leviathan Overriding Royalty Ltd.	Previous (ceased September 2022)
	Avner Oil & Gas	Previous (ceased September 2022)
	Director of private subsidiaries of NewMed and Delek Group	Current and previous
	Member of the administrative in associations	Current and previous
Leora Pratt Levin	New Med Energy Management Ltd	Current
	Delek Energy Systems Ltd	Current
	Delek Overriding Royalty Leviathan Ltd	Current
	DKL Energy Limited	Current
	DKL Investments Limited	Current
	Delek Petroleum Ltd	Current
	Delek Sea Maagan (2011) Ltd.	Current
	Delek GOM Holdings LLC	Current
	Delek GOM Investments LLC	Current
	Delek Group Royalty Ltd.	Current

Name	Interests	Status (Current / Previous)
	Delek Power Stations Management Ltd.	Current
	Delek Infrastructure Ltd.	Current
	Delek Group Holdings Israel Ltd.	Current
	Delek Initiating Properties Ltd	Current
	Delek North Sea Limited	Previous (resigned 7 October 2022)
Alison Wood	Non-Executive Director of TT Electronics plc	Current
	Non-Executive Director of Oxford Instruments plc	Current
	Non-Executive Director of The British Standards Institution	Current
	Non-Executive Chair of Galliford Try PLC	Current
	Non-Executive Director of Costain plc	Previous (resigned 28 January 2022)
	Non-Executive Director of Cobham plc	Previous (resigned 22 January 2020)
Keith Lough	Non-Executive Chairman of Southern Water	Current
	Non-Executive Chairman of Rockhopper Exploration PLC	Current
	Non-Executive Director and Senior Independent Director of Hunting plc	Current
	Non-Executive Director of the UK Gas and Electricity Markets Authority	Previous (resigned 31 July 2019)
	Chairman of RSI Geoscience Ltd	Previous (resigned 19 September 2018)
	Non-Executive Chair of Gulf Keystone PLC	Previous (resigned 11 April 2018)
Amit Lang	Mekorot Israeli National Water Company - CEO	Current
	EMS Mekorot Projects - Chairman of the Board of Directors	Current
	Ministry of Economy and Industry - Director General	Previous (ceased 2017)
	EMS Mekorot Projects - CEO	Previous (ceased 2022)
Rui De Sousa	Quantic Group (partner)	Current
	Congo Mining Blackdown Resources (director)	Current
	SOCO International plc (now Pharos Energy) - Chairman	Previous (ceased March 2020)

(C) **Senior Managers of Capricorn (other than the Company's Chief Executive Officer and Chief Financial Officer)**

Name	Interests	Status (Current / Previous)
Paul Mayland	N/A	N/A
Eric Hathon	N/A	N/A

1.7 Potential conflicts of interest

The potential conflicts of interests between the duties of the Directors, the Proposed Directors and the Senior Managers and their respective private interests and/or other duties are set out below. Each conflict has been or will be authorised by the Board.

Director, Proposed Director or Senior Manager	Potential conflict(s) of interest
Yossi Abu	On 14 August 2022 NewMed entered into a memorandum of understanding with Enlight regarding exclusive collaboration for a fixed term on the initiation, development, financing, construction and operation of renewable energy projects in several target countries in the Middle East and North Africa. The memorandum of understanding indicates NewMed's intention to enter into a binding agreement with a company to be newly-incorporated and to be jointly owned by Enlight and Yossi Abu. Additionally, as part of such collaboration, Enlight will allocate a certain part of its interests in the joint projects to Mr. Abu. This memorandum of understanding is not binding and is subject, inter alia, to entry into a binding agreement, which remains under negotiation between the parties. On 21 September 2022, a general meeting of the NewMed Unitholders authorised NewMed to make investments in renewable energy projects, in the framework of the collaboration with Enlight, including the personal interest of Mr. Abu in the transaction, for a three year period that can be extended to additional periods subject to an additional approval of the general meeting, all pursuant to the provisions of TASE rules.

Apart from the potential conflicts disclosed above, there are no actual or potential conflicts of interest between the duties owed by the Directors, the Proposed Directors and the Senior Managers and their respective private interests and/or other duties that they may also have.

1.8 Confirmations

As at the date of this document, none of the Directors, the Proposed Directors or the Senior Managers has, during the five years prior to the date of this document:

- been convicted in relation to a fraudulent offence;
- been associated with any bankruptcies, receiverships or liquidations while acting in the capacity of a member of the administrative, management or supervisory bodies or as a partner, founder or senior manager of any partnership or company;
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies); or
- been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company.

None of the Directors, the Proposed Directors or the Senior Managers was selected to act in such capacity pursuant to any arrangement or understanding with any major shareholder, customer, supplier or other person having a business connection with the Capricorn Group:

Save for those set out in the Company's remuneration policy, as at the date of this document, no restrictions have been agreed by any Directors, the Proposed Directors or the Senior Managers on the disposal within a certain time period of their holdings of their Existing Ordinary Shares.

There are no family relationships between any of the Directors, the Proposed Directors or the Senior Managers.

2. Interests of the Directors, Proposed Directors and Senior Managers

2.1 Interests of the Directors and Proposed Directors in the Existing Ordinary Shares

As at the Latest Practicable Date, the interests of the Directors, the Proposed Directors, their immediate families and (so far as is known to them or could with reasonable diligence be ascertained by them) the persons closely associated with them (within the meaning of the Market Abuse Regulation) in the Existing Ordinary Shares, including those arising pursuant to transactions notified to Capricorn pursuant to the Market Abuse Regulation, together with such interests as are expected to subsist immediately following Completion, are as follows:

	As at the Latest Practicable Date		Immediately following the Combination	
	Number of Existing Ordinary Shares held	Percentage of issued share capital of Capricorn (per cent.)	Number of New Ordinary Shares held	Percentage of issued share capital of Capricorn (per cent.)
Directors:				
Nicoletta Giadrossi	0	0	0	0
Simon Thomson ^(a)	703,190	0.223	703,190 ^(b)	0.023 ^(b)
James Smith ^(a)	31,864	0.010	31,864 ^(b)	0.001 ^(b)
Keith Lough	0	0	0	0
Peter Kallos	9,292	0.003	9,292	0.0003
Alison Wood	0	0	0	0
Catherine Krajicek	0	0	0	0
Erik Daugbjerg	0	0	0	0
Luis Araujo	0	0	0	0
Proposed Directors:				
Peter Kallos	9,292	0.003	9,292	0.0003
Yossi Abu	0	0	0	0
James Smith ^(a)	31,864	0.010	31,864 ^(b)	0.001 ^(b)
Gabriel Last	0	0	0	0
Leora Pratt Levin	0	0	0	0
Alison Wood	0	0	0	0
Keith Lough	0	0	0	0
Amit Lang	0	0	0	0
Rui De Sousa	0	0	0	0

Notes:

(a) The interests of the Executive Directors include Ordinary Shares awarded to them under the SIP. These awards consist of "partnership shares" purchased using deductions from the relevant Directors' salary; "free shares" and free

“matching shares” awarded by the Company; and, in the case of Simon Thomson, “dividend shares” purchased through the reinvestment of dividends paid on Ordinary Shares held in the SIP. These shares are beneficially owned by the Director in question from the date of purchase / award and, as a consequence, are included in the numbers of Ordinary Shares shown above.

(b) The figures provided for the Executive Directors’ holdings immediately after Completion are indicative only. The number of New Ordinary Shares held by the Executive Directors immediately following Completion will be influenced by various factors which have yet to be finalised. For example, the Executive Directors may exercise some or all of their currently outstanding awards under the 2017 LTIP. Additionally, the figures in this column do not include the impact of any further “dividend shares” (please refer to section 6.4 of Part XVI (*Directors, Employees and Corporate Governance*)) that may be acquired by the Executive Directors under and in accordance with the terms of the SIP following the payment of the Special Dividend, on the basis that any such acquisitions will take place some time after Completion.

2.2 Interests of Senior Managers in the Existing Ordinary Shares

As at the Latest Practicable Date, the interests of the Capricorn Group’s Senior Managers (other than the Company’s Chief Executive Officer and Chief Financial Officer), their immediate families and (so far as is known to them or could with reasonable diligence be ascertained by them) the persons closely associated with them (within the meaning of the Market Abuse Regulation) in the Existing Ordinary Shares, including those arising pursuant to transactions notified to Capricorn pursuant to the Market Abuse Regulation, together with such interests as are expected to subsist immediately following Completion, are as follows:

	As at the Latest Practicable Date		Immediately following the Combination	
	Number of Existing Ordinary Shares held	Percentage of issued share capital of Capricorn (per cent.)	Number of New Ordinary Shares held	Percentage of issued share capital of Capricorn (per cent.)
Senior Managers:				
Eric Hathon, Director of Exploration ^(a)	51,927	0.016	51,927 ^(b)	0.016 ^(b)
Paul Mayland, Chief Operating Officer ^(a)	49,895	0.016	49,895 ^(b)	0.016 ^(b)

Notes:

(a) The interests of these Senior Managers include Ordinary Shares awarded to them under the SIP. These awards consist of “partnership shares” purchased using deductions from the relevant Directors’ salary; “free shares” and free “matching shares” awarded by the Company; and “dividend shares” purchased through the reinvestment of dividends paid on Ordinary Shares held in the SIP. These shares are beneficially owned by the Senior Manager in question from the date of purchase / award and, as a consequence, are included in the numbers of Ordinary Shares shown above.

(b) The figures provided for the Executive Directors’ holdings immediately after Completion are indicative only. The number of New Ordinary Shares held by the Executive Directors immediately following Completion will be influenced by various factors which have yet to be finalised. For example, the Executive Directors may exercise some or all of their currently outstanding awards under the 2017 LTIP. Additionally, the figures in this column do not include the impact of any further “dividend shares” (please refer to section 6.4 of Part XVI (*Directors, Employees and Corporate Governance*)) that may be acquired by the Executive Directors under and in accordance with the terms of the SIP following the payment of the Special Dividend, on the basis that any such acquisitions will take place some time after Completion.

2.3 Interests of the Executive Directors and Senior Managers pursuant to the Purchaser Discretionary Share Incentive Plans

A description of each of the Purchaser Discretionary Share Incentive Plans can be found at section 6 of this Part XVIII.

In addition to their interests as detailed above, as at the Latest Practicable Date, the Executive Directors and other Senior Managers held the following awards (in the form of nil-cost options)

over Existing Ordinary Shares under the terms of the 2017 LTIP. The table also includes details of such options as are expected to subsist immediately following Completion.

Name	Outstanding awards under the 2017 LTIP as at the Latest Practicable Date		Outstanding awards under the 2017 LTIP immediately following Completion	
	Existing Ordinary Shares under awards that are still subject to performance conditions	Existing Ordinary Shares under awards that have vested but remain unexercised ^(a)	Existing Ordinary Shares under awards that are still subject to performance conditions	Existing Ordinary Shares under awards that have vested but remain unexercised ^{(a)(b)}
Executive Directors				
Simon Thomson	2,488,956	1,136,751	2,488,956	1,136,751
James Smith	1,618,831	739,349	1,618,831	739,349
Senior Managers				
Eric Hathon	1,333,525	609,044	1,333,525	609,044
Paul Mayland	1,382,912	635,640	1,382,912	635,640

Notes:

(a) These columns include all outstanding awards that have vested following the expiry of the applicable performance period, regardless of whether or not they are, at the relevant date, capable of being exercised under the rules of the 2017 LTIP.

(b) The figures provided for the Executive Directors' and Senior Managers' interests under the Purchaser Discretionary Share Incentive Plans immediately after Completion are indicative only. The interests of the Executive Directors and Senior Managers immediately following Completion will be influenced by various factors which have yet to be finalised. For example, the Executive Directors may exercise some or all of their currently vested but unexercised awards under the Purchaser Discretionary Share Incentive Plans.

For the avoidance of doubt, none of the Executive Directors or other PDMRs hold outstanding awards under any of the other Purchaser Discretionary Share Incentive Plans.

3. Directors' service contracts and letters of appointment

3.1 Executive Directors' service agreements

Set out below are the details of the service agreements of the Executive Directors:

Executive Director	Date of service agreement	Effective date of appointment	Notice period
Simon Thomson	29 June 2011	1 July 2011	12 months
James Smith	4 February 2014	15 May 2014	12 months

On 29 June 2011, Simon Thomson entered into an agreement with Capricorn to act as an Executive Director and Chief Executive with effect from 1 July 2011. On 4 February 2014, James Smith entered into an agreement with Capricorn to act as Director of Finance (a non-Board position) with effect from 3 March 2014. He was then appointed as Chief Financial Officer with effect from 15 May 2014. The service agreements do not specify a retirement age.

Under the service agreements, as amended, the current annual basic salary of the Executive Directors is as follows:

Simon Thompson	£610,293
James Smith	£396,938

Salaries are normally reviewed (but not necessarily increased) on an annual basis by the Remuneration Committee. The 2023 annual basic salary of the Executive Directors will be increased by 4 per cent. from each Executive Director's current annual basic salary, and will be as follows:

Simon Thompson	£634,705
James Smith	£412,816

Each Executive Director is entitled to a company car up to a maximum value of £70,000 (or, as an alternative, an annual car allowance of up to £8,771), permanent health insurance, private health insurance, death in service benefit and a gym and fitness allowance.

Each Executive Director is also entitled to be reimbursed for all reasonable out-of-pocket expenses properly incurred in the performance of his or her duties.

The Company operates a defined contribution group personal pension plan in the UK, called the Capricorn Oil Group Pension Plan. The scheme is non-contributory and all UK permanent employees are eligible to participate. The Company contributes 15 per cent. in respect of the annual basic salaries of the current Executive Directors. If an Executive Director's pension arrangements are fully funded or applicable statutory limits are reached, an amount equal to the Company's contribution (or the balance thereof) is paid in the form of additional salary. The Chief Financial Officer is a member of the Capricorn Oil Group Pension Plan. The Chief Executive Officer receives an amount equal to 15 per cent. of his annual basic salary in the form of additional salary.

The Executive Directors are eligible to participate in Capricorn's annual bonus scheme, subject to the approval of the Remuneration Committee. The maximum potential annual bonus for each Executive Director is 125 per cent. of salary and bonuses are awarded by reference to performance against specific targets measured over a single financial year. Bonus amounts up to 100 per cent. of salary are paid in full shortly after the assessment of performance targets has been completed; the remainder of any bonus is deferred into an award of shares for a three-year period.

The Executive Directors are eligible to participate in Capricorn's long term incentive plan (currently the 2017 LTIP), subject to the approval of the Remuneration Committee. The normal maximum LTIP participation is 250 per cent. of salary. The Executive Directors are also eligible to participate in the SIP.

The service agreements do not provide for any commission or profit-sharing arrangements.

On a change of control of the Company resulting in the termination of his employment, the current Chief Executive is entitled to compensation of a sum equal to his annual basic salary as at the date of termination of employment. The Board recognises that this provision is no longer in accordance with best practice. It was not included in the contract of the new Chief Financial Officer, and will not be included in the contracts of other future appointees to the Board; however, it continues to apply to the current Chief Executive.

As each Executive Director's employment is for an indefinite period, their service agreements have no fixed expiry date. The appointment of each of the Executive Directors is terminable: (i) by either party on 12 months' notice; or (ii) with immediate effect in specified circumstances, including in the event of the Executive Director's gross misconduct, gross negligence or gross incompetence, in which case they will not be entitled to any payment other than amounts accrued but unpaid as at termination. Should notice be served, each Executive Director can continue to receive basic salary, benefits and pension for the duration of their notice period. The Company may require the individual to continue to fulfil their current duties, assign a period of garden leave and/or make a payment in lieu of notice (consisting of base salary and the value of contractual benefits, discounted to reflect any benefit to the Executive Director

resulting from an early payment thereof), for all or part of the notice period. Executive Directors must take all reasonable steps to obtain alternative employment during the notice period and payments in lieu of notice will be reduced to reflect any payments received in respect of alternative employment.

Each Executive Director is subject to post-termination obligations for a period of 6 months from the date of termination of employment. The obligations relate to non-competition, non-soliciting of clients or employees, and non-interference with the existing suppliers of the Company.

None of the above contracts has been entered into or amended within 6 months of the Latest Practicable Date.

Further details of Executive Directors' service contracts are set out at pages 137 to 139 of the Capricorn Group's 2021 Annual Report.

3.2 Proposed Executive Directors' service agreements

Set out below are details of Yossi Abu's existing service agreement as Chief Executive of NewMed:

Executive Director	Date of service agreement	Effective date of appointment	Expiry date	Notice period
Yossi Abu	28 September 2022	1 April 2011	30 April 2027	6 months

Yossi Abu has acted as Chief Executive of NewMed since 1 April 2011. His service agreement has been updated from time to time and the most recent service agreement was approved by the NewMed board and remuneration committee on 28 September 2022 (the "**2022 Employment Contract**").

Under the 2022 Employment Contract, the current annual basic salary of Yossi Abu is ILS 2,400,000 (a monthly salary of ILS 200,000 (in gross terms)). His monthly salary under his previous service agreement was ILS 163,000 (in gross terms). The salary is updated each quarter in accordance with the Israel Consumer Price Index.

Under the 2022 Employment Contract, Yossi Abu is entitled to benefits including pension contributions and/or managers' insurance at a rate of 6.5 per cent. of the gross salary, contributions to an advanced study fund at a rate of 7.5 per cent. of the gross salary, work disability insurance, a company car (in a level as is customary to CEOs at Delek Group) including the related tax gross-up, communication expenses, participation in professional training, annual leave of 22 days per annum (including payment in lieu of leave), convalescence pay, sick pay, health insurance, severance pay accrued at a rate of 8.33% of the gross monthly salary (payable on termination of employment only, in an amount equal to monthly salary at the time of termination multiplied by the number of years of employment) (in this section, the "**Severance Pay**"), reimbursement of *per diem* expenses in the course of his duties and overseas travel. Yossi Abu is included in NewMed's D&O insurance arrangements and is entitled to officers' indemnification and exemption.

Yossi Abu is entitled to receive a performance-related annual bonus, subject to approval of the NewMed board and remuneration committee. The maximum potential annual bonus is 100 per cent. of salary (based on the cost to the employer, including employer's social security contributions, of the aggregate of Yossi Abu's base salary and some of his other entitlements including the 7.5 per cent. study fund, 8.33 per cent. severance pay, 6.5 per cent. pension and his car (including the grossing up of its related tax cost to him)). The performance-related

annual bonus is based on: (i) the achievement of certain business targets and objectives which are set by NewMed's board and remuneration committee; (ii) the achievement of thresholds in respect of certain business and financial metrics which are set by NewMed's board and remuneration committee; and (iii) the NewMed board and remuneration committee's general discretion. His previous service agreement established a maximum annual bonus amount of ILS 2,200,000.

The performance-related annual bonus may be subject to clawback for a period of three years after payment if the amounts paid were based on erroneous financial results which were subsequently restated. The performance-related annual bonus is not pensionable.

Once in each period of three years Yossi Abu may be entitled to receive a special bonus (the "**Special Bonus**"), subject to meeting of one or more of the following benchmarks:

- adoption of a material investment decision (sanction) in a petroleum asset;
- adoption of an investment decision (sanction) regarding additional development phases in the Leviathan Project (beyond Phase 1A in the development plan);
- adoption of an investment decision (sanction) for development of the Aphrodite Field in Cyprus;
- commencement of commercial production from a petroleum asset;
- commercial discovery in a petroleum asset;
- investment of unusual and exceptional effort in the promotion and implementation of a project that is in the work plan;
- a decision to drill an exploration well to the deep targets in the Leviathan Lease;
- approval of a project for export of natural gas to the liquefaction facilities situated in Egypt or for purposes of natural gas supply to a floating liquefaction facility (FLNG);
- commencement of new and material operations in a country where NewMed was not active at the date of approval of the NewMed remuneration policy; and
- entry into operations in the renewable energy sector.

The NewMed remuneration committee determines (subject to approval by the NewMed board of directors) whether a benchmark has been met and any Special Bonus is paid as soon as practicable after that decision has been made. The maximum amount of a Special Bonus is six months' salary. Any Special Bonus determined to be payable may be paid as a single lump-sum payment or as two or more part-payments across a number of years. The Special Bonus may be subject to clawback for a period of three years after payment if the amounts paid were based on erroneous financial results which were subsequently restated.

Once in each period of three years Yossi Abu may also be entitled to receive a retention bonus (the "Retention Bonus") conditional only on continued employment during the period specified at the date of grant of the Retention Bonus. Any Retention Bonus granted is paid as soon as practicable after the date of grant contingent on an undertaking from Yossi Abu not to resign from his role in the specified period. The maximum amount of a Retention Bonus is three months' salary.

Neither the Special Bonus nor the Retention Bonus are pensionable.

The provisions of the Special Bonus and the Retention Bonus in relation to: (i) Yossi Abu's maximum entitlement; (ii) the basis for determining Yossi Abu's entitlement to, and terms of,

cash to be provided; and (iii) any adjustment thereof (if any) if there is a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital, cannot be altered to his advantage without the prior approval of Capricorn Shareholders in general meeting (except for minor amendments to benefit the administration of the arrangements, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Yossi or for the company operating the bonus arrangements or for members of its group). The Special Bonus and Retention Bonus are not subject to limitations on the number or amount of the securities, cash or other benefits.

The full terms of the Special Bonus and the Retention Bonus will be available for inspection: (i) at the place of the General Meeting for at least 15 minutes before and during the meeting; and (ii) on the national storage mechanism from the date of sending the circular.

Phantom units

In 2019 the General Partner granted Yossi Abu 2,742,231 “phantom units”, whose underlying asset is a Participation Unit, which vested in three instalments, on 1 June 2020 (at an exercise price of ILS 7.955), 1 June 2021 (at an exercise price of ILS 8.495) and 1 June 2022 (at an exercise price of ILS 9.055).⁷² Following the amendment of the partnership agreement in September 2022, as of 1 January 2022 the cost of employment of Mr. Abu is imposed on NewMed, and not on the General Partner. The Business Combination Agreement stipulates that the Combined Company shall ensure that NewMed will comply with its undertaking to pay Yossi Abu an amount calculated in accordance with terms of the phantom units. Pursuant to the 2022 Employment Contract, in the event of a merger or other scheme of exchange of securities, NewMed is required to ensure that the other party undertake to grant to the CEO, for each phantom unit to which he is entitled and which has not yet been exercised, phantom units in such other party, in accordance with the exchange ratio set out for all NewMed Unitholders, provided that the total exercise value for such replacement phantom options on the date of exchange is equal to the total exercise value of the phantom units to which the CEO was entitled and which had not yet been exercised.

Existing Section 102 Options

In accordance with a resolution of the board of directors of the General Partner, and pursuant to section 102 of the ITO, Yossi Abu has been allotted 3,295,599 non-marketable options, each of which confers the right to purchase a Participation Unit (the “**Existing Section 102 Options**”).

Under their terms, the Existing Section 102 Options vest in three equal instalments on 1 August 2023, 1 August 2024 and 1 August 2025, and are exercisable from their vesting dates until 26 July 2027. The Existing Section 102 Options are exercisable by one of two methods, being (i) in consideration for payment of the exercise price (which is 866 agorot for the instalment vesting on 1 August 2023, 910 agorot for the instalment vesting on 1 August 2024 and 955 agorot for the instalment vesting on 1 August 2025), or (ii) in accordance with a “cashless” mechanism, whereby the number of Participation Units whose value on the exercise date is equal to the “financial benefit amount” of the Existing Section 102 Options in respect of which an exercise notice was given will be allotted. Such “financial benefit amount” is calculated as the product of the number of Existing Section 102 Options in respect of which an exercise notice was given multiplied by the difference between the closing price of the Participation Units on the TASE on the trading day that preceded the date of the exercise notice and the relevant exercise price.

The terms of the Existing Section 102 Options are subject to adjustments in the context of certain transactions, including the Combination, whereby any Existing Section 102 Option not exercised by Completion may be exchanged for or converted into options for securities distributed to NewMed Unitholders in exchange for the Participation Units under the terms of the Combination. This entitles Yossi Abu to Capricorn Shares in respect of his Existing

⁷² Prices reflect adjustments as of 31 December 2022.

Section 102 Options, subject to adjustments as appropriate, according to the discretion of NewMed's board, with the aim of preserving the value and terms of the Existing Section 102 Options. In the event that the conversion or exchange of Existing Section 102 Options cannot be agreed upon by Capricorn, the terms of the Existing Section 102 Options provide that, unless NewMed's board of directors decides otherwise, the vesting dates of all or part of the unvested Existing Section 102 Options will be accelerated and Yossi Abu will be entitled to exercise his Existing Section 102 Options for Participation Units ten days before Completion. Failure to exercise the Existing Section 102 Options in the adjusted timeframe will result in their expiry.

The terms of the Existing Section 102 Options provide for the expiration of all Existing Section 102 Options allotted prior to the date of Yossi Abu's separation from employment with NewMed, or any of its affiliates. Any Existing Section 102 Options vested before the date of separation from employment may be exercised for a period of ninety days after the date of separation (or on another date as approved by NewMed's board of directors before such separation) and in any event prior to 26 July 2027. If there has been a dismissal pursuant to which severance pay may be denied under Israeli law, all of the Existing Section 102 Options that have been allotted will immediately expire (including those whose vesting period shall have ended before the date of separation).

Termination

Yossi Abu's employment is for a fixed period and will automatically expire on 30 April 2027 (unless extended by agreement). In addition, his employment is terminable by either party on six months' notice. During the notice period Yossi Abu will continue to serve in his position (although NewMed may determine that Yossi Abu will not continue to serve in the position de facto during this period). Throughout the notice period (including a period in which he does not work de facto), Yossi Abu will be entitled to all of his benefits, including car use. However, starting from the date of his actual termination of office, the vesting period of the Existing Section 102 Options shall stop, such that the Existing Section 102 Options will expire. His previous service agreement contained an expiry date of 30 April 2024, and it established a requirement for four months' prior notice if the employer requested to terminate Yossi Abu's employment, and twelve months' prior notice if Yossi Abu requested to end his employment.

On termination of his employment, Yossi Abu may be entitled to receive an adjustment and retirement bonus, capped at an equivalent of six months' salary, and he is entitled to receive the Severance Pay.

Yossi Abu is subject to a post-termination non-competition obligation for a period of 12 months from the date of termination of employment.

Neither the 2022 Employment Contract nor the previous service agreement provide for any commission or profit-sharing arrangements.

Further details of Yossi Abu's service contract is set out at pages 115 to 116 of the NewMed Group's 2021 Annual Report.

Terms and conditions after Completion

It is intended that the terms of the 2022 Employment Contract will continue to apply to Yossi Abu's employment after Completion. It is also intended that the Remuneration Committee will undertake a review of elements of Yossi Abu's remuneration at an appropriate time after Completion. To permit Yossi Abu to continue to receive the payments and benefits under the 2022 Employment Contract, it is proposed that the Company's Remuneration Policy be amended to include the underlined text below (the "**Remuneration Policy Terms Amendment**"):

- "**Remuneration Element: Base salary**

- **Purpose and link to strategy:** Helps recruit and retain employees. Reflects individual experience and role.
- **Operation:** For UK executives, normally reviewed annually (with changes taking effect on 1 January) and/or when otherwise appropriate, including when an individual changes position or responsibility. Aim is to provide a competitive base salary relative to the market (although the committee does not place undue emphasis on benchmarking data and exercises its own judgement in determining pay levels). Decision influenced by:
 - role and experience;
 - average change in broader workforce salaries;
 - individual performance; and
 - remuneration practices in companies of a broadly similar size and value and relevant oil and gas exploration and production companies.

For Israeli executives, salary is normally increased quarterly based on the Israeli Consumer Price Increase in each quarter.

- **Opportunity:** Whilst the committee has not set a monetary maximum, annual increases will (with the exception of Israeli executives, whose salary will normally be increased quarterly based on the Israeli Consumer Price Index in each quarter) not exceed the level of standard increase awarded to other employees except that more significant increases may be awarded at the discretion of the committee in connection with:
 - an increase in the scope and responsibility of the individual's role; or
 - the individual's development and performance in the role following appointment; or
 - a re-alignment with market rates.

In addition, as the Special Bonus and the Retention Bonus are "long-term incentive schemes" within the meaning of Listing Rule 9.4.1, the approval of Capricorn Shareholders is sought for the adoption of the Special Bonus and the Retention Bonus. The terms of the Special Bonus and the Retention Bonus will be available for inspection at the times and locations set out in paragraph 18 of Part XVIII (Additional Information) of this document and on the national storage mechanism from the date of this document.

- **Framework for assessing performance:** None
- **Remuneration element:** Benefits
- **Purpose and link to strategy:** Helps recruit and retain employees.
- **Operation:** Directors are entitled to a competitive package of benefits. For UK executives, the major elements include a company car, permanent health insurance, private health insurance, death-in-service benefit and a gym and fitness allowance. For Israeli executives, the package will also include payment into an advance study fund (an Israeli tax-incentive benefit), communication expenses, and payment in lieu of holiday.

The committee reserves the right to provide further benefits where this is appropriate in the individual's particular circumstances (for example costs associated with relocation as a result of the director's role with the Company). Executive Directors are also eligible for other benefits which are introduced for the wider workforce on broadly similar terms.

- **Opportunity:** For UK executives, company cars up to a value of £70,000 (or, as an alternative, an annual car allowance of up to £8,771) may be provided. For Israeli executives, an annual car allowance of up to US\$127,300 per year (including a grossed-up payment to cover the related tax due) may be provided.

The maximum % of salary for the advance study fund (an Israeli tax-incentive benefit) is 7.5%.

Other benefits are intended to be market competitive. The committee has not set a monetary maximum for other benefits as the cost of these may vary from time to time.

- **Framework for assessing performance:** None
- **Remuneration element:** Severance pay
- **Purpose and link to strategy:** Rewards sustained contribution.
- **Operation:** Israeli executives are entitled to receive severance pay on termination of employment. The employer contributes 8.33% of annual salary on a monthly basis to a dedicated fund and on termination of employment uses that fund (topped up as necessary) to pay severance.
- **Opportunity:** One month's salary (as at the date of termination) for each year of employment.
- **Framework for assessing performance:** None.

Remuneration element: Annual bonus

- **Purpose and link to strategy:** Rewards the achievement of annual KPIs and/or other objectives linked to the Company's strategic goals.
- **Operation:** Bonuses are awarded by reference to performance against specific targets measured over a single financial year. Any amounts awarded to a UK individual under this arrangement up to 100% of salary are paid out in full shortly after the assessment of the performance targets has been completed. The remainder of the bonus will be deferred into an award of shares for a three-year period, or such other period as determined by the committee. Any amounts awarded to Israeli executives under this arrangement for the financial year 2023 are paid out in full shortly after the assessment of the performance targets has been completed. For subsequent financial years, the Israeli executives will be subject to the same deferral arrangements as UK executives described above.
- Annual bonuses granted to UK executives may be subject to clawback, and the extent to which deferred share awards vest may be reduced, if certain events occur in the period of three years from the end of the relevant financial year. These include the committee becoming aware of:
 - a material misstatement of the Company's financial results;
 - an error in the calculation of performance targets which, had it been known at the relevant time, would have reasonably been expected to have resulted in a lower award being made;
 - an act committed by the relevant participant that has (or could have) resulted in summary dismissal by reason of gross misconduct; or

– a corporate failure which arose due to the conduct of management and which has resulted in the appointment of a liquidator or administrator. The detailed terms of the clawback mechanism applicable to the cash element of any annual bonus award are set out in an individual agreement entered into between the Company and the relevant Executive Director. This provides the committee with a variety of alternative means by which value can be recovered including:

- the reduction of future bonus awards;
- the application of a reduction in the number of shares in respect of which share awards would otherwise vest or be exercisable; and
- requiring the individual to make a cash payment to the Company.

Annual bonuses granted to Israeli executives may be subject to clawback for a period of three years after payment if the amounts paid were based on erroneous financial results which were subsequently restated.

- **Opportunity:** Maximum % of base salary: 125% for UK executives; 140% for Israeli executives
- **Framework for assessing performance:** The measures and targets applicable to the annual bonus scheme (and the different weightings ascribed to each of them) are set annually by the committee in order to ensure they are relevant to participants and take account of the most up-to-date business plan and strategy. All, or a significant majority, of the bonus opportunity will normally be determined by reference to performance against demanding Group KPIs such as:
 - exploration and new venture objectives;
 - development and production targets; and
 - HSE. The remaining part of a director's bonus (if any) will normally be based on the achievement of personal objectives relevant to that individual's role within the business. Where possible, a payment scale (ranging from 0% at 'threshold', not more than 50% at 'target' and 100% at 'maximum') for different levels of achievement against each KPI and/or other objective is specified by the committee at the outset of each year. The committee has discretion to vary the measures and weightings during the year if events arise which mean that it would be inappropriate to continue with the originally prescribed structure. The committee expects that this discretion will only be exercised in exceptional circumstances and not to make the bonus scheme for that year less demanding than when it was originally set. In addition, the committee has discretion to ensure that the ultimate bonus payment for a financial year is fair and reasonable and properly reflects performance over that period.
- **Remuneration element:** Special bonus
- **Purpose and link to strategy:** Rewards the achievement of KPIs and/or other objectives linked to the Company's strategic goals.
- **Operation:** Special bonuses are awarded to Israeli executives once in each period of three years by reference to the achievement of one or more of a number of specific benchmarks.

Any amounts awarded are paid in cash shortly after assessment of the performance targets has been completed and may be paid as a single lump-sum payment or as two or more part-payments across a number of years.

Special bonuses may be subject to clawback for a period of three years after payment if the amounts paid were based on erroneous financial results which were subsequently restated.

- **Opportunity:** Maximum % of salary: 50%
- **Framework for assessing performance:** The benchmarks applicable to the special bonus are:
 - Adoption of a material investment decision (sanction) in a petroleum asset;
 - Adoption of an investment decision (sanction) regarding additional development phases in the Leviathan project (beyond Phase 1A in the development plan);
 - Adoption of an investment decision (sanction) for development of the Aphrodite reservoir in Cyprus;
 - Commencement of commercial production from a petroleum asset;
 - Commercial discovery in a petroleum asset;
 - Investment of unusual and exceptional effort in the promotion and implementation of a project that is in the work plan;
 - A decision to drill an exploration well to the deep targets in the Leviathan lease;
 - Approval of a project for export of natural gas to the liquefaction facilities situated in Egypt or for purposes of natural gas supply to a floating liquefaction facility (FLNG);
 - Commencement of new and material operations in a country where NewMed is not active;
 - Entry into operations in the renewable energy sector.

The committee will determine whether a benchmark has been met.

- **Remuneration element:** Retention bonus
- **Purpose and link to strategy:** Helps retain employees.
- **Operation:** Retention bonuses are awarded to Israeli executives once in each period of three years, conditional on continued employment during the period specified on grant.

Any amounts awarded are paid in cash as soon as practicable after a decision has been made to grant a retention bonus, subject to the executive undertaking to continue in employment for the period specified.

Retention bonuses may be subject to clawback for a period of three years after payment if the amounts paid were based on erroneous financial results which were subsequently restated.

- **Opportunity:** Maximum % of salary: 25%.
- **Framework for assessing performance:** None."

3.3 Non-Executive Directors' letters of appointment

The following table sets out the date of appointment or last reappointment of each Non-Executive Director, and the annual fee payable to them.

Director	Date of appointment or of last reappointment	Annual fee
Nicoletta Giadrossi	11 May 2022	£180,000
Keith Lough	11 May 2022	£85,500 ⁽¹⁾
Peter Kallos	11 May 2022	£75,500
Alison Wood	11 May 2022	£85,500 ⁽²⁾
Catherine Krajicek	11 May 2022	£75,000
Erik Daugbjerg	11 May 2022	£75,000
Luis Araujo	11 May 2022	£77,765

Notes:

1. Keith Lough is also entitled to an additional annual fee of £10,000 for chairing the Audit Committee.
2. Alison Wood is also entitled to an additional annual fee of £10,000 for chairing the Remuneration Committee.

None of the Non-Executive Directors have a service contract but all have letters of appointment that set out their duties and responsibilities, the time commitment expected by the Company, and the basis on which their fees will be paid. These letters of appointment have no fixed term but can be terminated with immediate effect by either the director concerned or the Company, and are subject to the Company's articles of association, which provide for the annual election or re-election by shareholders of all the Company's directors. There are no provisions for compensation payable on termination of appointment.

4. Remuneration and benefits

This section 4 provides information on the remuneration arrangements for the Directors and Senior Managers. As required by UK law, the Remuneration Policy was approved by Capricorn Shareholders at its 2020 annual general meeting.

The table below reports total remuneration for the year ended 31 December 2021 for each Executive Director.

Directors	Salary and fees	Benefits ¹	Pension ²	SIP ³	Annual bonus paid in cash ⁴	Annual bonus paid in shares	Long-term incentives ⁵	Total remuneration	Total fixed remuneration	Total variable remuneration
Simon Thomson	£592,517	£42,400	£88,878	£7,197	£448,091	£0	£771,809	£1,950,892	£730,992	£1,219,900
James Smith	£385,377	£37,537	£57,807	£7,197	£291,441	£0	£501,990	£1,281,349	£487,918	£793,431

Notes

- 1 Taxable benefits available to the Executive Directors during 2021 were a company car/ car allowance, private health insurance, death-in-service benefit and a gym and fitness allowance. This overall package of taxable benefits was largely unchanged from 2020, with the higher figure for Simon Thomson in 2021 primarily being attributable to increased charges for his company car.
- 2 Additional disclosures relating to the pension provision for the Executive Directors during 2021 are set out on pages 113 and 114 of Capricorn Group's 2021 Annual Report.

- 3 This column shows the face value (at date of award) of matching and free shares provided to the Executive Directors under the SIP during the relevant period. Further details on the way in which the SIP was operated during 2021 are set out on page 125 of Capricorn Group's 2021 Annual Report.
- 4 Under the Company's annual bonus scheme for 2020 and 2021, any sums awarded in excess of 100 per cent. of salary are delivered in the form of deferred share awards, which normally vest after a period of three years from grant. Further information in relation to the annual bonus scheme for 2021 is provided on pages 114 to 119 Capricorn Group's 2021 Annual Report. For the avoidance of doubt, the quantum of awards made under this arrangement is not attributable, either wholly or in part, to share price appreciation.
- 5 This column shows the value of shares that vested in respect of LTIP awards with performance conditions that ended during the period in question. Further details of the LTIP's operation during 2021, including how the level of award was determined, confirmation of the amount (if any) of the above vesting value that was attributable to share price appreciation and a summary of any discretions that were exercised, are provided on pages 120 to 124 Capricorn Group's 2021 Annual Report.
- 6 Following the end of the year to 31 December 2021, the committee considered whether there were any circumstances that could or should result in the recovery or withholding of any sums pursuant to the clawback arrangements contained within the Remuneration Policy. The conclusion reached by the committee was that it was not aware of any such circumstances.

No amounts were set aside or accrued by the Capricorn Group for the year ended 31 December 2021 to provide pension, retirement or similar benefits to the Directors.

The aggregate amount of remuneration paid by Capricorn or any member of the Capricorn Group to the Senior Managers (including Simon Thomson and James Smith) in the year ended 31 December 2021 was approximately US\$6.8 million, comprising US\$4.1 million of short-term employee benefits, \$2.4 million share based payments and US\$0.3 million post-employment benefits. In addition, employer's national insurance contributions for the Senior Managers in respect of short-term employee benefits were US\$0.7 million.

5. Employees

5.1 Capricorn Group

As at 31 December 2019, 31 December 2020 and 31 December 2021, the Capricorn Group had 211, 173 and 210 employees, respectively. As at the Latest Practicable Date, the total number of employees of the Capricorn Group was 188.

The following table sets forth the monthly average number of Capricorn Group's full-time equivalent employees during 2019, 2020 and 2021 by geographic location.

	31 December 2019	31 December 2020	31 December 2021
United Kingdom	154	164	178
Egypt	N/A	0	1
Mexico	5	7	7
Senegal	3	2	N/A
Norway	41	7	N/A
Total	203	180	186

The following table shows the average number of employees by main category of activity during the year to December 2019, December 2020 and December 2021.

	Administrative & Management	Technical Operations	Total
31 December 2019	126	77	203
31 December 2020	115	65	180
31 December 2021	117	69	186

The Directors believe that the Capricorn Group has satisfactory working relationships with its employees and has not experienced any significant labour disputes or work stoppages. The Directors believe that the Capricorn Group has good working relationships with its employees in all territories.

5.2 NewMed Group

As at 31 December 2019, 31 December 2020 and 31 December 2021, the NewMed Group had 23, 23 and 22 employees, respectively. As at the Latest Practicable Date, the total number of employees of the NewMed Group was 24.

The following table sets forth the NewMed Group's employees as at 31 December 2019, 31 December 2020 and 31 December 2021 by geographic location.

	31 December 2019	31 December 2020	31 December 2021
Israel	23	23	22
Total	23	23	22

The following table shows the average number of employees by main category of activity during the year to December 2019, December 2020 and December 2021.

	Administrative & Management	Technical Operations	Total
31 December 2019	19	4	23
31 December 2020	18	5	23
31 December 2021	18	4	22

6. Employee Share Plans

The Company currently operates four employee share plans under which employees may be granted awards and options ("**Awards**") over the Company's Ordinary Shares: (i) the Capricorn Energy PLC Long Term Incentive Plan (2017) (the "**2017 LTIP**"); (ii) the Capricorn Energy PLC Deferred Bonus Plan (the "**DBP**"); (iii) the Capricorn Energy PLC Employee Share Award Scheme (2015) (the "**ESAS**"); and (iv) the Capricorn Energy PLC 2010 Share Incentive Plan (the "**SIP**").

In addition, there are a small number of Awards that remain outstanding under the Company's legacy share schemes, namely: (i) the Capricorn Energy PLC Long Term Incentive Plan (2009) (the "**2009 LTIP**"); (ii) the Capricorn Energy PLC Approved Share Option Plan (2009) (the "**Approved Option Plan**"); and (iii) the Capricorn Energy PLC Unapproved Share Option Plan (2009) (the "**Unapproved Option Plan**").

Details relating to each of the current and legacy plans are summarised below, with features common to the 2017 LTIP and the DBP (together, the “**Executive Plans**”) set out at paragraph 6.7 of this Part XVI (*Directors, Employees and Corporate Governance*) further below.

6.1 The 2017 LTIP

Approved by Capricorn Shareholders on 19 May 2017 and adopted by the Board with effect from the same date, the 2017 LTIP is a discretionary arrangement that allows selected employees and executive directors of the Capricorn Group to be granted Awards. It is administered by the Remuneration Committee.

The 2017 LTIP is largely used to make regular annual grants to the Company’s executive directors and selected senior managers. Any grants to executive directors are made in accordance with the Company’s approved directors’ remuneration policy that is in force at the relevant time. As at the Latest Practicable Date, a total of 27,172,259 Ordinary Shares were the subject of outstanding Awards under the 2017 LTIP.

(A) Form of Awards

Awards under the 2017 LTIP (“**2017 LTIP Awards**”) may be granted in the form of nil or nominal cost options (“**Options**”) or conditional share awards. The Remuneration Committee may also decide to grant cash-based Awards of an equivalent value to share-based Awards or to satisfy share-based Awards in cash.

All 2017 LTIP Awards granted since the plan’s initial adoption have been in the form of nil-cost Options. No payment is required for the grant of a 2017 LTIP Award and they are not pensionable.

(B) Individual limits

No participant may be granted a 2017 LTIP Award which would, at the date of grant, cause the market value of all the Ordinary Shares subject to 2017 LTIP Awards granted to them in respect of a particular financial year to exceed the limit set out in the Company’s director’s remuneration policy then in force (250 per cent. of salary at the time of the 2017 LTIP’s adoption and current operation). Within such limit, the value of Ordinary Shares over which a 2017 LTIP Award is granted is determined at the sole discretion of the Remuneration Committee.

(C) Performance conditions

The vesting of 2017 LTIP Awards is subject to performance conditions set by the Remuneration Committee. The performance period for such conditions is three years or such longer period as the Remuneration Committee may determine at the date of grant. The Remuneration Committee can set different performance conditions for 2017 LTIP Awards granted in different years to ensure that they remain appropriate, challenging and in line with the terms of the Company’s directors’ remuneration policy in force from time to time. Additionally, the Remuneration Committee may set different or no performance conditions for participants who are not Executive Directors.

For all 2017 LTIP Awards granted since the plan’s original adoption (including those granted to Executive Directors), a consistent form of performance condition has been applied. These conditions have two distinct elements: (i) the first condition applies to 80 per cent. of the Ordinary Shares under Award and involves an assessment of the Company’s relative total shareholder return (“**TSR**”) against a pre-determined group of comparable companies in the same sector (the “**Comparator Group**”); and (ii) the second condition applies to the remaining 20 per cent. of the Award, which will only vest if both (a) the Company achieves an upper quartile ranking (or above) in the Comparator Group; and (a) the TSR actually achieved by the Company is at least 100 per cent.

In the case of all currently unvested 2017 LTIP Awards, the Remuneration Committee retains the discretion to reduce the vesting level produced by the formulaic operation of the TSR conditions in circumstances where, based on its independent judgement, it considers it appropriate to do so.

The Remuneration Committee also has the power to vary the terms of the performance conditions attaching to an outstanding 2017 LTIP Award in exceptional circumstances, provided that the amended conditions are, in its opinion, neither materially easier nor more difficult to achieve than they were when the relevant Award was first granted.

(D) Vesting and holding period

2017 LTIP Awards granted to Executive Directors normally vest on or around the third anniversary of grant. 2017 LTIP Awards granted to employees who are not Executive Directors may vest at such time (or times) as set by the Remuneration Committee.

2017 LTIP Awards will vest to the extent that any applicable performance conditions have been satisfied and provided the participant is still employed by the Capricorn Group (although see “good leaver” provisions at paragraph 6.1(F) below). 2017 LTIP Awards in the form of Options will, once vested, normally remain exercisable up until the tenth anniversary of grant, unless they lapse earlier.

A 2017 LTIP Award may be subject to a post-vesting holding period determined by the Remuneration Committee at the date of grant. If such a holding period is imposed, it may involve the deferral of the release of any vested Ordinary Shares and/or a restriction on the ability to exercise a 2017 LTIP Award that is an Option. For all 2017 LTIP Awards granted to Executive Directors since the plan’s original adoption in 2017, a post-vesting holding period of two years has been applied to all Ordinary Shares that vest.

(E) Source of Ordinary Shares and dilution limits

2017 LTIP Awards may be satisfied either by the issue of new Ordinary Shares, the transfer of Ordinary Shares from treasury or the transfer of existing Ordinary Shares purchased in the market. Any new Ordinary Shares that are issued when a 2017 LTIP Award vests or is exercised will rank equally with existing Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment). Until a participant acquires any Ordinary Shares subject to a 2017 LTIP Award, they have no rights to those Ordinary Shares, including voting or dividend rights.

The number of new Ordinary Shares issued or remaining capable of being issued pursuant to Awards granted under the 2017 LTIP and all the Company’s other employee share schemes in any period of 10 years must not exceed 10 per cent. of the ordinary share capital of the Company in issue from time to time. In addition, the number of new Ordinary Shares issued or remaining capable of being issued pursuant to Awards granted under the 2017 LTIP and the Company’s other discretionary share schemes in any period of 10 years will not exceed 5 per cent. of the ordinary share capital of the Company in issue from time to time.

Any Ordinary Shares which are acquired by market purchase for the purposes of satisfying Awards or where the right to acquire them has been released or has lapsed prior to vesting or exercise will be disregarded for the purposes of these limits. However, Ordinary Shares transferred out of treasury will count towards these limits so long as this is required under institutional shareholder guidelines. For the purposes of the above limits, the numbers of Ordinary Shares issued on or prior to 8 January 2021 in connection with options and awards are adjusted to reflect the share capital consolidation that became effective on that date.

(F) Cessation of employment

Cessation before vesting

As a general rule, a 2017 LTIP Award will lapse upon a participant ceasing to hold employment or be a director within the Capricorn Group prior to its vesting date.

However, if a participant ceases to be an employee or a director because of their death, injury, permanent disability, their employing company or the business for which they work being sold out of the Capricorn Group or in other circumstances at the discretion of the Remuneration Committee (i.e. a “**good leaver**”), then their 2017 LTIP Award will not lapse and will continue to vest on the date that it would have vested had they not ceased such employment or office. Also, any previously imposed holding period will continue to apply in these circumstances unless the Remuneration Committee determines otherwise.

The extent to which a 2017 LTIP Award will vest in these circumstances will be subject to (i) the extent to which any performance conditions have, in the opinion of the Remuneration Committee, been satisfied over the original performance measurement period; and (ii) time pro-rating to reflect the period of time between its grant and the date of cessation (unless the Remuneration Committee determines otherwise).

Alternatively, if a participant ceases employment as a good leaver, the Remuneration Committee can decide that their 2017 LTIP Award will vest at or around the time when they leave, subject to performance condition satisfaction (measured at that time) and time pro-rating (unless the Remuneration Committee determines otherwise).

Cessation during holding period

Where cessation of employment occurs during any post-vesting holding period applicable to a 2017 LTIP Award then, unless the Remuneration Committee decides that an earlier release date is justified by the circumstances, it will continue to be subject to that holding period. If, however, such cessation occurs due to the individual's gross misconduct or, if the Remuneration Committee considers it appropriate, their bankruptcy, then the 2017 LTIP Award will immediately lapse.

(G) Amendments to the 2017 LTIP

The Remuneration Committee may amend the provisions of the 2017 LTIP in any respect, provided that the prior approval of Capricorn Shareholders in general meeting is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Ordinary Shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the Ordinary Shares or cash to be acquired and the adjustment of 2017 LTIP Awards.

The requirement to obtain the prior approval of Capricorn Shareholders will not, however, apply to (i) any minor alteration made to benefit the administration of the 2017 LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Capricorn Group; or (ii) any amendment to performance conditions applying to a 2017 LTIP Award provided that such amendments are within the parameters of the applicable adjustment powers in the 2017 LTIP.

6.2 The DBP

Adopted by the Board on 30 November 2017, the DBP is a discretionary arrangement that allows a proportion of annual bonus payments that would otherwise be paid to selected employees and Executive Directors of the Company to instead be delivered in the form of an Award over the Company's Ordinary Shares. It is administered by the Remuneration Committee.

As at the Latest Practicable Date, no Awards had been granted under the DBP since its original adoption.

(A) Form, vesting and exercise of Awards

Awards under the DBP ("**DBP Awards**") may be granted in the form of nil-cost options or conditional share awards.

DBP Awards will normally vest and become exercisable on such date as the Remuneration Committee may specify at the date of grant. DBP Awards in the form of nil-cost options will, once vested, normally remain exercisable up until the tenth anniversary of grant, unless they lapse earlier.

For the avoidance of doubt, the vesting of DBP Awards is not subject to the satisfaction of any performance conditions.

(B) Number of Ordinary Shares subject to Awards

Where the Remuneration Committee determines that an employee will participate in the DBP on any occasion, the number of Ordinary Shares comprised in their DBP Award will be calculated by dividing the amount of the bonus entitlement that is to be delivered under the DBP by the market value of an Ordinary Share on the date of grant.

(C) Source of Ordinary Shares

All Ordinary Shares that are released in connection with the vesting or exercise of a DBP Award must be existing Ordinary Shares purchased in the market. The operation of the DBP does not involve the issue or allotment of new Ordinary Shares and/or the transfer of Ordinary Shares held in treasury.

(D) Cessation of employment

As a general rule, a DBP Award will lapse upon a participant ceasing to hold employment or be a director within the Capricorn Group prior to its vesting date.

However, if a participant ceases to be an employee or a director because of their death, injury, permanent disability, their employing company or the business for which they work being sold out of the Capricorn Group, retirement with the agreement of their employing company or in other circumstances at the discretion of the Remuneration Committee (i.e. a "**good leaver**"), then their DBP Award will not lapse and will continue to vest on the date that it would have vested had they not ceased such employment or office.

Alternatively, if a participant ceases employment as a good leaver, the Remuneration Committee can decide that their DBP Award will vest at or around the time when they leave.

In either of the above circumstances, the Remuneration Committee has the discretion to pro-rate a good leaver's DBP Award to reflect the period of time between its grant and the date of cessation.

(E) Amendments to the DBP

The Remuneration Committee may, at any time, amend the provisions of the DBP in any respect, provided that no alteration which would materially abrogate or adversely affect the subsisting rights of a participant may normally be made without their prior consent.

6.3 The ESAS

Adopted by the Board on 23 June 2015, the ESAS is a discretionary arrangement that allows selected employees of the Capricorn Group (but not Executive Directors of the Company) to be granted Awards over the Company's Ordinary Shares. It is administered by the Remuneration Committee.

As at the Latest Practicable Date, a total of 4,115,814 Ordinary Shares were the subject of outstanding Awards under the ESAS.

(A) Eligibility

All employees of the Capricorn Group (excluding the Company's Executive Directors) are generally eligible to have Awards granted to them under the ESAS ("**ESAS Awards**") at the discretion of the Remuneration Committee. Actual participation in the ESAS is normally limited to those employees who do not participate in the 2017 LTIP.

(B) Grant of Awards

ESAS Awards may be granted in the form of nil-cost options or conditional share awards. All ESAS Awards granted since the plan's initial adoption have been in the form of nil-cost options.

ESAS Awards may normally be granted within the period of forty-two days after a results announcement by the Company in any year. Additionally, ESAS Awards may also be granted on any day on which the Remuneration Committee resolves that exceptional circumstances exist which justify the making of such Awards.

No ESAS Awards will be granted more than ten years after the date on which the ESAS was originally adopted. No payment is required for the grant of an ESAS Award and they are not pensionable.

(C) Awards personal to the participants

An ESAS Award is personal to the participant and may not be transferred, assigned or charged in any way, except on death.

(D) Performance conditions

The vesting of ESAS Awards may be subject to such performance conditions as the Remuneration Committee shall specify. The performance period for such conditions is set by the Remuneration Committee at the date of grant. The Remuneration Committee will review, and can amend, the performance conditions prior to each grant of ESAS Awards to ensure that they remain appropriate and suitably challenging.

For all currently unvested ESAS Awards, a consistent form of performance condition has been applied which involves an assessment of the Company's TSR performance over a three-year performance period relative to the performance achieved by a Comparator Group. If Capricorn's performance is equal to or above the median level in the ranked members of the Comparator Group then ESAS Awards vest in full; for below median performance, no part of the ESAS Awards vest and they immediately lapse.

The Remuneration Committee has the power to vary the terms of the performance conditions attaching to an outstanding ESAS Award in exceptional circumstances, provided that the amended conditions are, in its opinion, neither materially easier nor more difficult to achieve than they were when the relevant ESAS Award was first granted.

(E) Exercise and lapse of Awards

ESAS Awards in the form of nil-cost options which have vested (and which have not lapsed) can normally be exercised at any time up until the tenth anniversary of the date on which they were originally granted. To the extent that such an ESAS Award remains unexercised on the tenth anniversary of its grant, it will lapse.

(F) Source of Ordinary Shares

All Ordinary Shares that are released in connection with the vesting or exercise of an ESAS Award must be existing Ordinary Shares purchased in the market. The operation of the ESAS does not involve the issue or allotment of new Ordinary Shares and/or the transfer of Ordinary Shares held in treasury.

(G) Cessation of employment

Cessation before vesting

As a general rule, an ESAS Award will lapse upon a participant ceasing to hold employment or be a director within the Capricorn Group prior to its vesting date.

However, if a participant ceases to be an employee or a director because of their death, injury, ill-health or disability, redundancy, their employing company or the business for which they work being sold out of the Capricorn Group or in other circumstances at the discretion of the Remuneration Committee (i.e. a “**good leaver**”) then their ESAS Award will not lapse and will continue to vest on the date that it would have vested had they not ceased such employment or office.

The extent to which an ESAS Award will vest in these circumstances will depend on (i) the extent to which any performance conditions have, in the opinion of the Remuneration Committee, been satisfied over the original performance measurement period; and (ii) the pro-rating of the ESAS Award to reflect the period of time between its grant and the date of cessation, although the Remuneration Committee can decide not to pro-rate an ESAS Award if it regards it as inappropriate to do so in the particular circumstances.

Alternatively, if a participant ceases employment as a good leaver, the Remuneration Committee can decide that their ESAS Award will vest at or around the time when they leave, subject to performance condition satisfaction (measured at that time) and time pro-rating (unless the Remuneration Committee determines otherwise).

Cessation after vesting

Where cessation of employment occurs after vesting, an ESAS Award will normally lapse unless the participant in question is a good leaver (in which case they will generally be able to exercise their ESAS Award for a period of 12 months).

(H) Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all ESAS Awards will vest early subject to (i) the extent to which any performance conditions have been satisfied at that time; and (ii) the pro-rating of the ESAS Awards to reflect the reduced period of time between their grant and vesting, although the Remuneration Committee can decide not to pro-rate an ESAS Award if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, ESAS Awards will normally be replaced by equivalent rights over shares in a new holding company unless the Remuneration Committee decides that ESAS Awards should vest on the basis which would apply in the case of a takeover.

If a demerger, dividend in specie, super dividend or other transaction is proposed which, in the opinion of the Remuneration Committee, would affect the current or future value of an ESAS Award, then the Remuneration Committee may decide that such ESAS Award will vest on the basis which would apply in the case of a takeover as described above.

(I) **Variation of capital**

In connection with certain events which affect the share capital of the Company, the number and/or nominal value of Ordinary Shares comprised in each ESAS Award may be adjusted in such manner as the Remuneration Committee (with the written concurrence of the auditors) may deem appropriate.

(J) **Amendments to the ESAS**

The Remuneration Committee may, at any time, amend the provisions of the ESAS in any respect, provided that no alteration which abrogates or adversely affects the subsisting rights of a participant may normally be made without their prior consent.

6.4 The SIP

Established on 29 January 2010, the SIP is an all-employee share ownership plan which meets the requirements of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 so that Ordinary Shares can be provided to UK employees under its terms in a tax-efficient manner.

Under the SIP, eligible employees may currently be: (i) awarded up to £3,600 worth of free Ordinary Shares ("**Free Shares**") each year; (ii) offered the opportunity to buy Ordinary Shares with a value of up to the lower of £1,800 and 10 per cent. of the employee's pre-tax salary each year ("**Partnership Shares**"); (iii) given up to two free Ordinary Shares ("**Matching Shares**") for each Partnership Share purchased; and/or (iv) allowed or required to purchase Ordinary Shares using any dividends received on Ordinary Shares held in the SIP ("**Dividend Shares**"). The Remuneration Committee may determine that different limits shall apply in the future should the relevant legislation be amended.

(A) **Eligibility**

Each time that the Remuneration Committee decides to operate the SIP, all UK resident tax-paying employees of the Capricorn Group must be offered the opportunity to participate. Other employees may be invited to participate at the discretion of the Remuneration Committee. Employees invited to participate are required to have completed a minimum qualifying period of employment (of up to eighteen months) before they can participate in the SIP on any occasion.

(A) **SIP Trust**

The SIP operates through a UK-resident trust (the "**SIP Trust**"). The trustee of the SIP Trust (which is currently Link Market Services Trustees Limited) purchases Ordinary Shares that are awarded to or purchased on behalf of participants in the SIP. A participant is the beneficial owner of any Ordinary Shares held on their behalf by the trustee of the SIP Trust. Any Ordinary Shares held in the SIP rank equally with Ordinary Shares then in issue.

If a participant ceases employment, they are required to withdraw their Free Shares, Partnership Shares, Matching Shares and Dividend Shares from the SIP (or the Free Shares and Matching Shares may be forfeited as described below).

(B) **Free Shares**

Up to £3,600 worth of Free Shares may be awarded to each eligible employee in a tax year. Free Shares must be awarded on the same terms to each employee, but the number of Free Shares awarded can be varied by reference to the employee's remuneration, length of service, number of hours worked and, if the Company so chooses, the satisfaction of performance targets based on business results or other objective criteria. There is a holding period of between three and five years (with the precise duration being determined by the Remuneration Committee) during which the participant cannot withdraw the Free Shares from the SIP (or otherwise dispose of the Free Shares) unless the participant leaves employment.

The Remuneration Committee can provide that Free Shares will be forfeited if the participant ceases employment other than in the circumstances of injury, disability, redundancy, retirement or their employing company or the business for which they work being sold out of the Capricorn Group (i.e. “**good leaver**”) or on death. Forfeiture can only take place within three years of the Free Shares being awarded.

(C) Partnership Shares

The Remuneration Committee may allow an employee to use pre-tax salary to buy Partnership Shares. The maximum limit is currently the lower of £1,800 or 10 per cent. of pre-tax salary in any tax year. The minimum salary deduction permitted, as determined by the Remuneration Committee, must be no greater than £10 on any occasion. The salary allocated to Partnership Shares can be accumulated for a period of up to 12 months or Partnership Shares can be purchased out of deductions from the participant's pre-tax salary when those deductions are made. A participant and the Company may agree to vary the amount of salary deductions and the intervals of those deductions. Once acquired, Partnership Shares may be withdrawn from the SIP by the participant at any time.

(D) Matching Shares

The Remuneration Committee may, at its discretion, offer Matching Shares free to an employee who has purchased Partnership Shares. If awarded, Matching Shares must be awarded on the same basis to all participants up to a maximum of two Matching Shares for every Partnership Share purchased. There is a holding period of between three and five years (with the precise duration being determined by the Remuneration Committee) during which the participant cannot withdraw the Matching Shares from the SIP unless the participant ceases employment.

The Remuneration Committee can, at its discretion, provide that Matching Shares will be forfeited if (i) the participant ceases employment other than as a good leaver or on death; and/or (ii) the participant withdraws the corresponding Partnership Shares from the SIP Trust. Forfeiture can only take place within three years of the Matching Shares being awarded.

(E) Re-investment of dividends

The Remuneration Committee may allow or require a participant to re-invest the whole or part of any dividends paid on Ordinary Shares held in the SIP. Normally, Dividend Shares must be held in the SIP for no less than three years.

(F) Source of Ordinary Shares

All Ordinary Shares awarded under the SIP must be existing Ordinary Shares purchased in the market. The operation of the SIP does not involve the issue or allotment of new Ordinary Shares and/or the transfer of Ordinary Shares held in treasury.

(G) Corporate events

In the event of a takeover or winding up of the Company, participants will be able to direct the trustee of the SIP Trust as to how to act in relation to their Ordinary Shares held in the SIP.

If there is a corporate event resulting in a new company acquiring control of the Company, any Ordinary Shares held by participants may, in certain circumstances, be replaced by equivalent rights over shares in the acquiring company.

(H) Amendments to the SIP

The Remuneration Committee may, at any time, amend the provisions of the SIP in any respect, provided that: (i) no alteration which would abrogate or adversely affect the subsisting

rights of participants may normally be made without certain approvals; and (ii) no amendment may be made to a key feature of the SIP if it would result in the relevant statutory requirements for arrangements of that type no longer being met.

6.5 The 2009 LTIP

Approved by Capricorn Shareholders on 19 May 2009 and adopted by the Board with effect from the same date, the 2009 LTIP is a discretionary arrangement that was previously used to grant Awards over the Company's Ordinary Shares to selected employees and Executive Directors of the Capricorn Group, the vesting of which was dependent on both continued employment and the extent to which pre-determined performance conditions were met over a specified period.

As at the Latest Practicable Date, a total of 213,983 Ordinary Shares were the subject of outstanding Awards under the 2009 LTIP ("**2009 LTIP Awards**"), all of which have previously vested and are exercisable. No further 2009 LTIP Awards can be granted in the future.

(A) Period during which Awards can be exercised

Save as noted below, currently outstanding 2009 LTIP Awards (all of which are in the form of nil-cost options) will normally remain capable of being exercised until the tenth anniversary of their original date of grant.

(B) Source of Ordinary Shares

2009 LTIP Awards may be satisfied either by the issue of new Ordinary Shares, the transfer of Ordinary Shares from treasury or the transfer of existing Ordinary Shares purchased in the market.

(C) Cessation of employment

A 2009 LTIP Awards will lapse on the first anniversary of the date the relevant participant ceases to hold employment or be a director within the Capricorn Group.

(D) Corporate events

In the event of a takeover or winding up of the Company participants will be given a limited period within which to exercise their outstanding 2009 LTIP Awards, failing which they will lapse.

(E) Variation of capital

In connection with certain events which affect the share capital of the Company, the number and/or nominal value of Ordinary Shares comprised in each 2009 LTIP Award may be adjusted in such manner as the Remuneration Committee (with the written concurrence of the auditors) may deem appropriate.

(F) Amendments to the 2009 LTIP

The Remuneration Committee may amend the provisions of the 2009 LTIP in any respect, provided that the prior approval of Capricorn Shareholders in general meeting is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Ordinary Shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the Ordinary Shares or cash to be acquired and the adjustment of 2009 LTIP Awards (except for any minor alteration made to benefit the administration of the 2009 LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Capricorn Group).

6.6 The Approved Option Plan and the Unapproved Option Plan

Approved by Shareholders on 19 May 2009 and adopted by the Board of Directors of the Company with effect from the same date, the Approved Option Plan and the Unapproved Option Plan (together the “**Option Plans**”) are discretionary arrangements that were previously used to grant Awards to selected employees of the Capricorn Group in the form of “market value” options to acquire Ordinary Shares in the Company. The Approved Option Plan meets the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 with the result that tax-advantaged Awards could be granted pursuant to its terms.

As at the Latest Practicable Date, a total of 52,852 Ordinary Shares were the subject of outstanding Awards under the Approved Option Plan and a total of 522,112 Ordinary Shares were the subject of outstanding Awards under the Unapproved Option Plan, all of which have previously vested and are exercisable. No further Awards can be granted under the Option Plans in the future.

(A) Period during which Awards can be exercised

Save as noted below, currently outstanding Awards under the Option Plans will normally remain capable of being exercised until the tenth anniversary of their original date of grant.

(B) Source of Ordinary Shares

Awards granted under the Option Plans may be satisfied either by the issue of new Ordinary Shares, the transfer of Ordinary Shares from treasury or the transfer of existing Ordinary Shares purchased in the market.

(C) Cessation of employment

As a general rule, an Award under the Option Plans will lapse upon a participant ceasing to hold employment or be a director within the Capricorn Group. However, if a participant ceases to be an employee or a director in specified “good leaver” circumstances, their Award will instead lapse on the first anniversary of such cessation.

(D) Corporate events

In the event of a takeover or winding up of the Company participants will be given a limited period within which to exercise their outstanding Awards under the Option Plans, failing which they will lapse.

(E) Variation of capital

In the event of any variation of the share capital of the Company, the number of Ordinary Shares subject to any Award under the Option Plans and the exercise price for each Ordinary Share will be adjusted in such manner as the auditors confirm in writing to be fair and reasonable and, in the case of Awards granted under the Approved Option Plan, as HMRC shall approve.

(F) Amendments to the Option Plans

Although the Remuneration Committee may amend the provisions of the Options Plans, the provisions governing eligibility, limits on participation, overall limits on the issue of Ordinary Shares, transfer of Ordinary Shares under an Award to a participant, adjustments in the event of a variation of capital, the basis for determining a participant’s entitlement and the amendment rules cannot be altered to the advantage of participants without the approval of Capricorn Shareholders (except for minor amendments to benefit the administration of the Option Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Capricorn Group). In addition, no amendment to a “key feature” of the Approved Option Plan will have effect until approved by HMRC.

6.7 Terms common to the Executive Plans

(A) Eligibility

Any employee (including an Executive Director) of the Capricorn Group (or, in the case of the DBP, any such employee who participates in a bonus arrangement operated by the Capricorn Group) are generally eligible to be granted Awards under the Executive Plans at the discretion of the Remuneration Committee.

(B) Grant of Awards

Awards may normally be granted under the Executive Plans within the period of forty-two days after a results announcement by the Company in any year. Additionally, Awards may also be granted on any day on which the Remuneration Committee resolves that exceptional circumstances exist which justify the making of such Awards. In the case of the 2017 LTIP, no Awards can be granted more than ten years after the date it was approved by Capricorn Shareholders.

(C) Awards personal to the participants

Awards granted under the Executive Plans are personal to the participant and may not be transferred, assigned or charged in any way, except on death.

(D) Dividend equivalents

The Remuneration Committee may decide that participants under the Executive Plans will receive a payment (in cash and/or Ordinary Shares) on or shortly following the settlement of their Awards, of an amount equivalent to the dividends that would have been payable on the Ordinary Shares acquired between the date of grant and the vesting date (or, if applicable, the expiry of any holding period to which the Award is subject). The Remuneration Committee may decide to disapply these provisions in relation to all or part of a special dividend declared by the Company. The proposed treatment of such “dividend equivalents” under the 2017 LTIP in connection with the Special Dividend is outlined in paragraph 11 of Part I (*Letter from the Chair of Capricorn*) and paragraph 9 of Part II (*Principal Terms and Conditions of the Combination*).

(E) Malus and clawback

An Award granted under the Executive Plans may be subject to reduction (including to zero if appropriate) and/or clawback if certain events occur before the expiry of the period of three years from the end of the relevant performance period (or, in the case of a DBP Award, before the third anniversary of the end of the financial year to which the bonus underlying the DBP Award relates). These circumstances generally include where:

- the Remuneration Committee determines that there has been a material misstatement in the Company’s financial statements and/or an error or inaccurate or misleading information which has resulted in the Award being granted over a higher number of Ordinary Shares than would otherwise have been the case;
- the Remuneration Committee determines that there has been an error in assessing the applicable performance conditions which has resulted in the Award being granted or vesting in respect of a greater number of Ordinary Shares than would otherwise have been the case (as applicable);
- the relevant participant’s employment with the Capricorn Group has (or, in the view of the Remuneration Committee, could have) been summarily terminated by reason of gross misconduct; or
- a corporate failure of the Capricorn Group has arisen which results in the appointment of a liquidator or administrator and which, in the reasonable opinion of the Remuneration Committee, is attributable (in whole or in part) to the conduct of the Company’s management team.

The Remuneration Committee may satisfy the clawback by recovering and withholding future incentive compensation, including but not limited to the amount of any unpaid bonus, the number of Ordinary Shares under a vested but unexercised or unreleased Award and/or a requirement to make a cash payment.

(F) Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all Awards granted under the Executive Plans will vest early and, in the case of 2017 LTIP Awards, such Awards will normally only vest in respect of such time-apportioned proportion of the Ordinary Shares over which they subsist as the Remuneration Committee shall determine having regard to such factors as (i) the level of achievement against any outstanding performance conditions; (ii) the underlying performance of the Company; (iii) the particular circumstances of the transaction; and (iv) the overall interests of Capricorn Shareholders, although the Remuneration Committee can decide not to time-apportion a 2017 LTIP Award if it regards it as inappropriate to do so in the particular circumstances.

As an alternative to the above, the Remuneration Committee may, in connection with a takeover, require a participant to surrender their existing rights under the relevant Executive Plan in consideration for the grant to them of equivalent rights over shares in the acquiring company (or a member of its group).

In the event of an internal corporate reorganisation, Awards will normally be replaced by equivalent rights over shares in a new holding company unless the Remuneration Committee decides that Awards should vest on the basis which would apply in the case of a takeover.

If a demerger, dividend in specie, super dividend or other transaction is proposed which, in the opinion of the Remuneration Committee, would affect the current or future value of an Award, then the Remuneration Committee may decide that such Award will vest on the basis which would apply in the case of a takeover as described above.

(G) Variation of capital

In connection with certain events which affect the share capital of the Company, the number and/or nominal value of Ordinary Shares comprised in each Award granted under the Executive Plans (and/or, in the case of 2017 LTIP Awards, the exercise price of an Option) may be adjusted by the Remuneration Committee.

7. Incentive arrangements relating to the Combination

7.1 2023 Israeli Share Incentive Plan

Prior to Completion, subject to approval of Capricorn Shareholders, Capricorn intends to adopt the Capricorn Energy PLC 2023 Israeli Share Incentive Plan (the “**2023 Israeli Plan**”). The 2023 Israeli Plan is intended to be a discretionary arrangement that provides for the grant of equity-based incentive awards to selected employees (including Executive Directors) of the Capricorn Group who are resident in Israel in order to incentivise them to increase their efforts on behalf of Capricorn and to promote the success of Capricorn’s business.

Following Completion, and if the 2023 Israeli Plan is approved by Capricorn shareholders, an award under the 2023 Israeli Plan (the “**Capricorn 102 Option**”) will be made to Mr Yossi Abu by way of rollover into Ordinary Shares of the Section 102 Options granted to him by NewMed over 3,295,599 Participation Units, as outlined in paragraph 3.2 of Part XVI (*Directors, Employees and Corporate Governance*). The Capricorn 102 Option is expected to be granted over 7,702,949 Ordinary Shares, subject to the assumptions contained in Note 4 of the section of this document entitled “Issue Statistics”. The Capricorn 102 Option will be on materially the same terms as outlined in paragraph 3.2 of Part XVI (*Directors, Employees and Corporate Governance*), including vesting in three equal instalments, with one-third of the Ordinary

Shares exercisable from 1 August 2023, one-third of the Ordinary Shares exercisable from 1 August 2024 and one-third of the Ordinary Shares exercisable from 1 August 2025, in each case until 26 July 2027. As with the Existing Section 102 Options, malus and clawback and performance conditions will not apply to the Capricorn 102 Option.

With the exception of the Capricorn 102 Option, it is not currently intended that any further options will be granted under the 2023 Israeli Plan. However, if any further options were to be granted, then they would be subject to the standard terms of the 2023 Israeli Plan.

The rules of the 2023 Israeli Plan will be available for inspection at the times and locations set out in paragraph 18 of Part XVIII (*Additional Information*) of this document and on the national storage mechanism from the date of this document.

(A) Source of Ordinary Shares and dilution limits

Awards granted under the 2023 Israeli Plan may be satisfied by the issue of new Ordinary Shares in compliance with section 102 of the ITO.

The number of new Ordinary Shares issued or remaining capable of being issued pursuant to awards granted under the 2023 Israeli Plan and Capricorn's other employee share schemes in any period of 10 years must not exceed 10 per cent. of the ordinary share capital of Capricorn in issue from time to time. In addition, the number of new Ordinary Shares issued or remaining capable of being issued pursuant to awards granted under the 2023 Israeli Plan and Capricorn's other discretionary share schemes in any period of 10 years will not exceed 5 per cent. of the ordinary share capital of Capricorn in issue from time to time.

(B) Administration and amendments

The Remuneration Committee will administer the 2023 Israeli Plan. Under the 2023 Israeli Plan, the Remuneration Committee will have the authority, subject to the terms of the 2023 Israeli Plan and applicable law (including the rules of any relevant stock exchange and Capricorn's directors' remuneration policy in force from time to time), to interpret the terms of the 2023 Israeli Plan and any award agreements or awards granted thereunder, designate recipients of awards, determine the terms of awards, including the exercise price, the conditions (including any performance goals or measures) applicable to an award, the fair market value of an Ordinary Share, the time and vesting schedule applicable to an award or the method of payment for an award, accelerate or amend the vesting schedule applicable to an award, prescribe the forms of agreement for use under the 2023 Israeli Plan, amend the terms of an award (provided that consent from a participant is obtained for any amendments that are to the disadvantage of the participant in respect of any outstanding awards), and take all other actions and make all other determinations necessary for the administration of the 2023 Israeli Plan.

The Remuneration Committee will also have the authority to amend the provisions of the 2023 Israeli Plan in any respect, provided that: (i) the prior approval of Capricorn Shareholders in general meeting is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Ordinary Shares or any transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the Ordinary Shares or cash to be acquired and the adjustment of awards granted under the 2023 Israeli Plan; and (ii) consent from a participant is obtained for any amendments that are to the disadvantage of the participant in respect of any outstanding awards.

The requirement to obtain the prior approval of Capricorn Shareholders will not, however, apply to (i) any minor alteration made to benefit the administration of the 2023 Israeli Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Capricorn Group; or (ii) any amendment to any performance conditions applicable to awards granted under the 2023 Israeli Plan, provided that such amendments are within the parameters of the applicable adjustment powers in the 2023 Israeli Plan.

The Remuneration Committee will also have the authority to terminate the 2023 Israeli Plan at any time before the date of expiration of its ten year term, provided that consent from a participant is obtained if such termination is to the disadvantage of the participant in respect of any outstanding awards.

(C) Eligibility

Any employee (including an Executive Director) of the Capricorn Group will generally be eligible to be granted awards under the 2023 Israeli Plan at the discretion of the Remuneration Committee. In practice, with the exception of the Capricorn 102 Option, it is not currently intended that any further options will be granted under the 2023 Israeli Plan, but if any further options were to be granted, participation in the 2023 Israeli Plan will be limited to employees of the Capricorn Group who are resident in Israel.

(D) Grant of awards

Awards under the 2023 Israeli Plan may be granted in the form of options to purchase Ordinary Shares or other share-based awards in compliance with section 102 of the ITO.

Awards may normally be granted under the 2023 Israeli Plan within the period of forty-two days after a results announcement by Capricorn in any year or on any day on which the Remuneration Committee resolves that exceptional circumstances exist which justify the making of such awards. No awards can be granted under the 2023 Israeli Plan more than ten years after the date the 2023 Israeli Plan is approved by Capricorn Shareholders. No awards constituting tax-advantaged options pursuant to section 102 of the ITO may be granted under the 2023 Israeli Plan until the expiry of 30 days after the 2023 Israeli Plan is filed with the ITA.

All awards granted under the 2023 Israeli Plan will be evidenced by an award agreement, in a form approved, from time to time, by the Remuneration Committee. The award agreement will set forth the terms and conditions of the award, including the type of award, number of shares subject to such award, vesting schedule and conditions (including any performance goals or measures) and the exercise price, if applicable. Each award will expire ten years from the date of the grant thereof, unless a shorter term of expiration is otherwise designated by the Remuneration Committee. Awards granted under the 2023 Israeli Plan will not be pensionable.

(E) Individual limits

Save as in connection with the replacement of awards in the case of recruitment or by way of rollover or replacement of an award granted by any corporation, partnership or other entity acquired by the Company or any affiliate of the Company, no participant may be granted an award under the 2023 Israeli Plan which would, at the date of grant, cause the market value of all the Ordinary Shares subject to awards granted under the 2023 Israeli Plan to them in respect of a particular financial year to exceed the limit set out in Capricorn's directors' remuneration policy then in force. Within such limit, the value of Ordinary Shares over which an award is granted under the 2023 Israeli Plan is determined at the sole discretion of the Remuneration Committee.

(F) Exercise

An award granted under the 2023 Israeli Plan may be exercised by providing Capricorn with a written or electronic notice of exercise and full payment of the exercise price for such shares underlying the award, if applicable, in such form and method as may be determined by the Remuneration Committee and permitted by applicable law. Awards may be exercised using a net exercise mechanism set out under the 2023 Israeli Plan. An award may not be exercised in respect of a fraction of a share.

(G) Transferability

Other than by will, the laws of descent and distribution or as otherwise provided under the 2023 Israeli Plan, neither the options nor any right in connection with such options are assignable or transferable.

(H) Termination of employment

In the event of termination of a participant's employment or service within the Capricorn Group, all vested and exercisable awards held by such participant under the 2023 Israeli Plan as of the date of termination may be exercised within three months after such date of termination, unless otherwise determined by the Remuneration Committee, but in no event later than the date of expiration of the award as set forth in the award agreement. After such three-month period, all such unexercised awards will lapse. All unvested awards held by a participant under the 2023 Israeli Plan will lapse upon termination of the participant's employment or service within the Capricorn Group unless otherwise determined by the Remuneration Committee.

However, in the event of termination of a participant's employment or service within the Capricorn Group due to their death or permanent disability, or in the event of the participant's death within the three month period (or such longer period as determined by the Remuneration Committee) following their termination of employment or service, all vested and exercisable awards held by such participant under the 2023 Israeli Plan as of the date of termination may be exercised by the participant or the participant's legal guardian, estate or by a person who acquired the right to exercise the award by bequest or inheritance, as applicable, within one year after such date of termination, unless otherwise provided by the Remuneration Committee, but in no event later than the date of expiration of the award as set forth in the award agreement. Any awards which are unvested as of the date of such termination or which are vested but not then exercised within the one year period following such date, will lapse.

Notwithstanding any of the foregoing, if a participant's employment or services within the Capricorn Group is terminated for "cause" (as defined in the 2023 Israeli Plan), all outstanding awards held by such participant under the 2023 Israeli Plan (whether vested or unvested) will lapse on the date of such termination.

(I) Shareholder rights

Participants will not have the rights as a shareholder (including voting or dividend rights) of Capricorn with respect to any Ordinary Shares subject to an award granted under the 2023 Israeli Plan until the participant has exercised such award, paid any exercise price for such award and becomes the record holder of the Ordinary Shares.

(J) Malus and clawback

Other than awards which constitute tax-advantaged options pursuant to section 102 of the ITO, an award granted under the 2023 Israeli Plan may be subject to reduction (including to zero if appropriate) and/or clawback if certain events occur at any time within three years from the expiry of the vesting period applicable to such award. These circumstances generally include where:

- the Remuneration Committee determines that there has been a material misstatement in Capricorn's financial statements and/or an error or inaccurate or misleading information which has resulted in such award being granted over a higher number of Ordinary Shares than would otherwise have been the case;
- the Remuneration Committee determines that there has been an error in assessing any applicable performance conditions which has resulted in such award being granted or vesting in respect of a greater number of Ordinary Shares than would otherwise have been the case;
- the relevant participant's employment with the Capricorn Group has (or, in the view of the Remuneration Committee, could have) been summarily terminated by reason of gross misconduct; or
- a corporate failure of the Capricorn Group has arisen which results in the appointment of a liquidator or administrator and which, in the reasonable opinion of the Remuneration Committee, is attributable (in whole or in part) to the conduct of Capricorn's management team.

The Remuneration Committee may satisfy the clawback by recovering and withholding future incentive compensation, including but not limited to the amount of any unpaid bonus, the number of Ordinary Shares under a vested but unexercised or unreleased Award granted under Capricorn's share schemes and/or a requirement to make a cash payment.

(K) Variation of capital and corporate events

In connection with certain events which may affect the share capital of Capricorn (including without limitation any consolidation, division or sub-division of the capital of Capricorn or similar recapitalisation events), the Remuneration Committee in its sole discretion may, and where required by applicable law shall, without the need for a consent of a participant, make an appropriate adjustment in order to adjust (i) the number and/or class of Ordinary Shares subject to outstanding awards, (ii) the exercise price per share of any award, (iv) the terms and conditions concerning vesting and exercisability and the term and duration of the outstanding awards, (v) the type or class of security, asset or right underlying the award (which need not be only that of Capricorn, and may be that of the surviving corporation or any affiliate thereof or such other entity party to any of the above events), and (vi) any other terms of the award that in the opinion of the Remuneration Committee should be adjusted; provided that any fractional shares resulting from such adjustment shall be rounded to the nearest whole share unless otherwise determined by the Remuneration Committee. In the event of a distribution of a cash dividend to all Capricorn Shareholders, unless the Remuneration Committee has determined otherwise, the exercise price per share of an outstanding and unexercised award will be reduced by an amount equal to the per share gross dividend amount distributed by Capricorn, subject to applicable law.

In the event of a takeover or winding up of Capricorn, or such other transaction or circumstances that the Remuneration Committee determines to be a relevant transaction, then without the consent of the participant; (i) unless otherwise determined by the Remuneration Committee, any outstanding award will be assumed or substituted by such successor corporation; or (ii) regardless of whether or not the successor corporation assumes or substitutes the award the Remuneration Committee may (a) provide the participant with the option to exercise their award (in full or part), and may provide for an acceleration of vesting of unvested awards; (b) cancel the award and pay: (1) in cash; (2) in shares of Capricorn, the acquirer or other corporation which is a party to such transaction; or (3) in such other property as determined by the Remuneration Committee as fair in the circumstances; or (c) provide that the terms of any award shall be otherwise amended, modified or terminated, as determined by the Remuneration Committee to be fair in the circumstances.

(L) Amendments to the Remuneration Policy

To permit Executive Directors of the Company to participate in the 2023 Israeli Plan, it is proposed that the Company's Remuneration Policy be amended to add the following text:

- ***“Remuneration element: 2023 Israel Share Incentive Plan (or 2023 Israeli Plan)***
- ***Purpose and link to strategy: Incentivises Executive Directors to deliver long-term performance for the benefit of share-holders, thereby aligning the interests of the directors with those of the Company's investors.***
- ***Operation: The 2023 Israeli Plan was established by the Company following receipt of the necessary shareholder approvals at the 2023 general meeting.***

Awards may be granted in the form of options to purchase ordinary shares or other share-based awards in compliance with Section 102 of the Israeli Income Tax Ordinance (New Version) 1961. The committee has the authority to determine the terms of awards, including the exercise price, the conditions (including any performance goals or measures) applicable to an award, the fair market value of an Ordinary Share, the time and vesting schedule applicable to an award and the method of payment for an award.

Under the rules of the 2023 Israeli Plan, awards may be subject to malus and/or clawback provisions if certain events occur after their grant but before the expiry of the period of three years from the expiry of the vesting period. These circumstances generally include where:

- the committee determines that there has been a material misstatement of the Company's financial statements and/or an error or inaccurate or misleading information;*
 - the committee becoming aware of an error in the calculation of performance targets which, had it been known at the relevant time, would have reasonably been expected to have resulted in a lower award being made;*
 - the relevant participant committing an act that has (or could have) resulted in summary dismissal by reason of gross misconduct; or*
 - a corporate failure arising, due to the conduct of management, which has resulted in the appointment of a liquidator or administrator.*
- **Opportunity:** Normal total maximum % of salary: 250%.

Awards may be granted in excess of this maximum: (i) in connection with recruitment; or (ii) by way of rollover or replacement of an award granted by any corporation, partnership or other entity acquired by the Company or any affiliate of the Company, in which case the maximum award will be equal to the award that is rolled over or replaced.

- **Framework for assessing performance:** *When granting awards, the committee can determine what performance goals or measures, if any, will apply to those awards and the period over which performance will be measured."*

8. Pension benefits

The Company operates a defined contribution group personal pension plan in the UK, called the Capricorn Oil Group Pension Plan. The scheme is non-contributory and all UK permanent employees are eligible to participate. During 2021, the Company contributed 10 per cent. of basic annual salary (15 per cent. in respect of current Executive Directors) on behalf of all qualifying employees.

As explained in the Chair's Annual Statement that was contained in the Directors' Remuneration Report for the year ended 31 December 2020, the committee has decided that, with effect from 1 January 2023, the above contribution rates will be aligned so that all employees and Executive Directors will benefit from an annual Company pension contribution of 12.5 per cent. of basic salary. In accordance with the policy, the rate of pension contributions for any new appointees to the Board will be capped at a level that is equal to the amount paid to the wider UK employee population.

The Company also has a pension committee which meets on a regular basis to assess the performance and suitability of the Company's pension arrangements.

9. Corporate governance and Board Committees

9.1 Board practices

The Board is collectively responsible for the governance of Capricorn on behalf of Capricorn Shareholders and is accountable to Capricorn Shareholders for the long-term success of the Capricorn Group. The Board governs the Capricorn Group in accordance with authority set out in the Articles. The Board is responsible for maintaining sound risk management and internal control systems. In meeting this responsibility, the Board monitors Capricorn's risk

management and internal control systems throughout the year and, on an annual basis, carries out a review of their effectiveness. The Board meets at least six times each year and, in addition, update conference calls may take place in the months when no formal meeting is scheduled.

Over the past 12 months, the Board has met over 20 times to discuss strategic alternatives to the Combination, including a thorough evaluation of a sale, a potential liquidation and continuing as a standalone business.

The Board has established the Audit Committee, Remuneration Committee, and Nomination and Governance Committee (together, the “**Board Committees**”). Each Board Committee has formal terms of reference approved by the Board. The Company Secretary provides advice and support to the Board and all Board Committees. Board Committees are authorised to engage the services of external advisers as they deem necessary.

Upon Completion, the Company expects to comply fully with the provisions of the UK Corporate Governance Code.

9.2 Board Committees

The board has four committees: (i) the Nomination and Governance Committee; (ii) the Remuneration Committee; (iii) the Audit Committee; and (iv) the Sustainability Committee.

Each of the Board committees is provided with all necessary resources to enable its members to undertake their duties in an effective manner and has formal terms of reference approved by the Board. Copies of the terms of reference are available on the Company’s website. The Company Secretary acts as secretary to the Board committees. The minutes of all committee meetings are circulated to all Directors.

The future composition of each of the Board Committees following Completion has not yet been decided.

(A) Nomination and Governance Committee

The current members of the Nomination and Governance Committee are as follows:

- Nicoletta Giadrossi (Chair);
- Keith Lough;
- Catherine Krajicek;
- Peter Kallos; and
- Simon Thomson.

Capricorn’s Nomination and Governance Committee, alongside the Board, plays a key role in ensuring that the composition of the Board is aligned with the Company’s values, culture and strategy and that the Board has in its membership what is required to provide appropriate challenge and effective leadership for the business. To maintain the correct balance of skills and representation, Board succession planning is fundamental for the ongoing success of the Company and is a key focus of the Nomination and Governance Committee. With effect from 3 March 2022, the remit of the committee was expanded to include a greater focus on governance. Whilst corporate governance is a key consideration at all times for the Board, including corporate governance within the committee’s responsibilities demonstrates the commitment of Capricorn to good governance.

The membership of the committee comprises a majority of independent Non-Executive Directors. The Chief Executive is also a member of the committee. The Nomination and Governance Committee met three times in 2021.

(B) Remuneration Committee

The current members of the Nomination and Governance Committee are as follows:

- Alison Wood (Chair);
- Nicoletta Giadrossi;
- Peter Kallos; and
- Erik Daugbjerg.

The Remuneration Committee determines and agrees with the Board the overall remuneration policy for the Executive Directors and the Capricorn Group's Persons Discharging Managerial Responsibilities ("PDMRs"). Within the terms of this agreed policy, the committee is also responsible for:

- determining the total individual remuneration package for each Executive Director and the PDMRs;
- determining the level of awards made under the Company's LTIPs and employee share award schemes and the performance conditions which are to apply;
- determining the KPIs used to measure performance for the annual bonus scheme;
- determining the bonuses payable under the Company's annual bonus scheme;
- determining the vesting levels of awards under the Company's LTIPs and employee share award schemes; and
- determining the policy for pension arrangements, service agreements and termination payments for Executive Directors and PDMRs.

The Remuneration Committee met three times during 2021 and with effect from 1 January 2021 comprised four independent Non-Executive Directors. The Chief Executive is not a member of the committee but attends its meetings by invitation. The committee's and management's remuneration advisers may also be invited to attend the committee's meetings as required.

None of the members of the Remuneration Committee, nor the Chief Executive nor the Chair, participated in any meetings or discussions relating to their own remuneration. The committee has established a practice of meeting informally without any Executive Directors or advisers present to allow the Non-Executive Directors to discuss any matter which has arisen in the meeting (or relating to the duties of the committee) which they believe would benefit from discussion in such forum.

(C) Audit Committee

The current members of the Audit Committee are as follows:

- Keith Lough (Chair);
- Catherine Krajicek; and
- Alison Wood.

The Audit Committee's primary responsibilities include the integrity of the Capricorn Group's financial statements, the effectiveness of the Capricorn Group's risk management and internal assurance processes and related governance and compliance matters. The Audit Committee met four times in 2021, with meetings arranged around the key external reporting dates.

The terms of reference of the committee take into account the requirements of the UK Corporate Governance Code and are available for inspection on the Capricorn Group's website.

(D) Sustainability Committee

The current members of the Sustainability Committee are as follows:

- Nicoletta Giadrossi (Chair);
- Peter Kallos;
- Keith Lough;
- Simon Thomson;
- James Smith;
- Catherine Krajicek;
- Erik Daugbjerg;
- Luis Araujo; and
- Alison Wood.

A new committee, the Sustainability Committee was established on 3 March 2022. Matters of the environment, safety, social responsibility and sustainability are considered within every Board decision and, therefore, are a key element of each Board meeting. Nevertheless, establishing a committee dedicated to these matters will further embed the importance within the Board and wider organisation. The energy transition and Capricorn's role in it is of particular importance to the Board and the formation of this new committee, the membership of which comprises the full Board, will result in further time being dedicated to it. The terms of reference of this committee include:

- advising and supporting the Board in the drafting of the Sustainability and Net Zero roadmap and assessing its progress and reviewing disclosures being made regarding the roadmap;
- reviewing the policies, practices and performance relating to sustainability and the disclosures and annual reporting on sustainability;
- reviewing the policies, practices and performance relating to safety, including in particular regarding the safe and responsible performance of the Capricorn Group's operations;
- reviewing the policies, practices and performance relating to social responsibility; and
- reviewing the policies, practices and performance relating to environmental matters including, in particular, protection of the environment and disclosure of Greenhouse Gas emissions.

Part XVII

The Combined Group's Regulatory Environment

The Combined Group is subject to regulation in all jurisdictions where it has operations or other activities. The principal regulatory regimes applicable to the Combined Group are those in Israel and Egypt, which are discussed below.

SECTION A: ISRAEL

The natural gas sector in Israel is regulated by two primary laws: (1) the Petroleum Law and (2) the Gas Law. While the Petroleum Law establishes the legal framework governing the upstream exploration and production of oil and gas, the Gas Law regulates the downstream natural gas sector.

1. Petroleum Regulatory Framework

1.1 Overview of the Petroleum Law and the Petroleum Regulations

All petroleum resources in Israel and on its continental shelf (including natural gas) belong to the State of Israel. Petroleum exploration and production in Israel, including on the continental shelf, is regulated primarily by the Petroleum Law, the Petroleum Regulations 5713-1953 (the “**Petroleum Regulations**”) and the Petroleum Regulations (Principles of Offshore Petroleum Exploration and Production) 5777-2016 (the “**Offshore Regulations**”) promulgated thereunder. Pursuant to the Petroleum Law, the Minister of Energy appointed a Petroleum Commissioner (the “**Petroleum Commissioner**”) to be in charge of petroleum affairs as well as a Petroleum Council that advises the Minister of Energy and the Petroleum Commissioner (the “**Petroleum Council**”).

1.2 The Petroleum Law

(A) Preliminary Permits and Exploration Licences

The Petroleum Law provides, *inter alia*, that no person shall explore for petroleum (which is defined in the Petroleum Law to include any petroleum fluid, including oil and natural gas) except under a preliminary permit, licence or lease, and no person shall produce petroleum except under a licence or lease. A preliminary permit is required for the execution of preliminary investigations (not including test drilling) in order to ascertain the prospects for discovering petroleum. Subject to the provisions of the Petroleum Law, a licence confers upon the licensee the right to, *inter alia*, explore for petroleum in the licensed area, the exclusive right to conduct test or development drilling in the licensed area and to produce petroleum therefrom and the right to obtain a lease after having made a discovery in the licensed area. Petroleum licences may also be granted through a tender or other public procedure. The initial term of a licence is three years, and can be extended under the provisions of the Petroleum Law, for an additional term of up to four years. Where the licensee has made a discovery in the licensed area, the Petroleum Commissioner shall grant an extension for an additional term of up to two years.

(B) Leases

Where a licensee has made a discovery in the licensed area, subject to the conditions of the licence and the Petroleum Law, the licensee is entitled to be granted a lease by the Petroleum Commissioner in respect of any area chosen by the licensee within the licensed area (not exceeding 250 km²). A lease confers upon the lessee the exclusive right to explore for and produce petroleum in the leased area for the term of the lease. The term of a lease is generally 30 years from the grant date. Where a lessee has complied with its obligations, the lease is renewable for an additional term of 20 years on reasonable terms fixed by the Minister of Energy, after consultation with the Petroleum Council. The Minister of Energy may terminate a lease if a lessee fails to produce petroleum in commercial quantities in the initial three years of the lease, and where a lessee who has previously produced petroleum fails to produce petroleum in commercial quantities for a period determined by the Minister of Energy.

(C) Royalties and Fees

Under the Petroleum Law, a lessee must pay the Israeli Government a royalty equal to the value of one-eighth of the petroleum produced from the leased area. This excludes the quantity of petroleum used by the lessee in operating the leased area, calculated based on the wellhead value of the State Royalties and subject to a minimum royalty stipulated in the Petroleum Law. Additionally, the lessee is required to pay a lease fee on the area covered by the lease, with exemption from payment of the lease fee with respect to an area of 50 km² around each new well in the leased area (to the extent the lessee pays royalties to the Israeli Government). For further details regarding the State Royalties payable to the State of Israel and regarding the calculation of the market value of the State Royalties under the Petroleum Law, please see paragraph 7.1 of Part VI (*Information on the NewMed Group*).

(D) Domestic Supply

Under the Petroleum Law, the Minister of Energy may, require lessees to first supply, at the market price, Petroleum and Petroleum products that are (in the Minister of Energy's opinion) required for local consumption. However, the lessee shall not be required to (a) produce from any well more than its maximum efficient rate of production or (b) supply a percentage of its production that exceeds the percentage required from any other lessee, unless the Minister of Energy sees fit to deviate from this rule for reasons of national security or to prevent waste or inequity towards a particular lessee.

(E) Construction of Pipelines and Supporting Facilities

A lessee may construct pipelines for the conveyance of Petroleum and Petroleum products and install other facilities required thereof. No lessee may construct a Petroleum pipeline, other than gathering pipelines leading to tankage, within the vicinity of the leased area, except along a route approved by the Petroleum Commissioner. The construction of a Petroleum pipeline shall be in accordance with plans approved by the Petroleum Commissioner, which shall not be unreasonably refused.

(F) Usage of Pipelines

The Petroleum Commissioner may, after consultation with the Petroleum Council, require the owner of an approved pipeline as described above to convey the petroleum of a specified person (to the extent that the capacity in such pipeline is not required by its owner) on such reasonable conditions as the Petroleum Commissioner may prescribe.

(G) Petroleum Register

The Petroleum Law requires the Petroleum Commissioner to keep a register of petroleum rights open for inspection by the public, in which shall be recorded all applications for petroleum rights and all licences, leases and land leases granted under the Petroleum Law (the "**Petroleum Register**"). Any transfer or pledge of a licence or lease (or an interest therein), or any charge on such a right or interest, must be registered in the Petroleum Register in accordance with the Petroleum Regulations. No such transaction will be valid unless and until it has been so registered.

(H) Seizure of Assets for Failure to Pay Fees or Royalties

In the event that the holder of a Petroleum right fails to make timely payment of any fees or royalties, pursuant to Section 54 of the Petroleum Law, the Petroleum Commissioner, after providing 30 days' written notice to such effect, is entitled to attach all of the rights to such holder's stored Petroleum, facilities and equipment and to seize anything so attached until payment is fully rendered.

(I) **Cancellation of Petroleum Rights for Failure to Comply**

The Petroleum Law provides that the Petroleum Commissioner may cancel an owner's petroleum right: (a) for non-compliance with any of the provisions of the Petroleum Law, any Petroleum Regulations (including orders thereunder) or any condition of the petroleum right; (b) if the owner did not act in accordance with its submitted work programme (including as to the performance timetable); or (c) if the owner did not invest the amount committed to in its work programme for petroleum exploration; in all cases, subject to 60 days' written notice demanding compliance and threatening cancellation in the event of non-compliance.

(J) **Pledge or Transfer of Lease, Permit and Licence Rights**

Under the Petroleum Law, a lease, preliminary permit and licence, is personal to the holder thereof and without the permission of the Petroleum Commissioner, neither it nor any interest therein may be pledged or transferred, other than through inheritance. The Petroleum Commissioner will not permit the pledge or transfer of a licence or lease other than after consulting with the Petroleum Council.

1.3 Transfer and Pledge of Petroleum Rights and Benefit in Petroleum Rights

The Petroleum Commissioner has published guidelines on the transfer and pledge of petroleum rights, regulating the procedures for submitting applications to transfer petroleum rights (the "**Transfer Guidelines**"). Pursuant to the Transfer Guidelines, the transfer of a petroleum right or a benefit in a petroleum right is subject to the prior approval of the Petroleum Commissioner. A benefit connected to a petroleum right is defined as, *inter alia*, control over the holder of a petroleum right, or of 25 per cent. or more of a means of control in such petroleum right holder (i.e. the right to vote at the general meeting and the right to appoint a director in the company or its Chief Executive Officer).

The Transfer Guidelines specify conditions for the provision of the Petroleum Commissioner's approval for a transfer of interests, while distinguishing between a transfer of interests in a licence and lease and other actions, including conditions regarding the financial capacity of the applicant and regarding the fulfillment of conditions required of an operator in accordance with the Petroleum Law and the Petroleum Commissioner's Transfer Guidelines. The Transfer Guidelines further determine specific conditions pertaining to a transfer of royalty interests, a pledge of petroleum interests and other cases.

The Petroleum Commissioner may not approve a transfer, even if all the conditions for providing the approval which are detailed in the Transfer Guidelines are fulfilled, if he is convinced that reasons of public security, national security, foreign relations or international trade relations so justify, and in this context, in a case where the transferee is a corporation controlled by a foreign country or there are other special circumstances with respect to which the transfer is not in the best interests of the public or the energy sector in Israel.

1.4 The Offshore Regulations

The Offshore Regulations stipulate, *inter alia*, the requirements regarding experience and financial ability of an applicant to be authorised as an operator. According to the Offshore Regulations, the Petroleum Commissioner shall not authorise an applicant as an operator, unless, among other requirements: (a) it is the holder of at least 25 per cent. of the petroleum right; (b) it or the controlling shareholder therein has at least five years of experience, over a 10-year period preceding the submission of the application, performing the functions of an operator; and (c) it has sufficient financial ability and fiscal strength (i.e. the total balance sheet assets are at least US\$200 million and total equity capital is at least US\$50 million).

2. The Natural Gas Sector

2.1 The Natural Gas Sector Law 5762 2002

While the Petroleum Law deals primarily with oil and gas exploration and production, the Natural Gas Sector Law, 5762-2002 (the “**Gas Law**”) and the regulations promulgated thereunder (the “**Gas Regulations**”) deal mainly with the establishment and operation of natural gas transmission systems and the storage, marketing and supply of natural gas.

2.2 Licences

The Gas Law provides, *inter alia*, that unless such person has a licence granted by the Minister of Energy pursuant to the Gas law, no person may set up or operate: (a) a transmission system, or part thereof; (b) a distribution network, or part thereof; (c) an LNG installation (defined as an LNG reception, storage or regassification facility); (d) a storage facility; or (e) an export pipeline for someone who is not a leaseholder. Currently, the marketing of gas does not require a licence under the Gas Law. However the Minister has the discretion under certain conditions set forth in the Natural Gas Sector Law, to determine that for a certain determined term, natural gas marketing activity will be subject to a licence.

The Gas Law establishes additional provisions that include, *inter alia*, granting powers to the Minister of Energy, the Natural Gas Sector Authority (the “**NGA**”) and its director regarding the granting of licences and determining various conditions and restrictions that will apply with respect to the licences or licence holder, and grants them powers to determine provisions with respect to natural gas suppliers; provisions regarding revocation of licences, and the guarantees required from a licence holder.

In accordance with the provisions of the Gas Law, in February 2017, the Minister of Energy granted Leviathan Transportation System Ltd. (a company owned by the Leviathan Partners) a transmission licence, for the gas flow from the production platform of the Leviathan Project to the northern entry point of the national transmission system of INGL.

2.3 Emergency Regulations in the Natural Gas Sector (Management of the Natural Gas Sector in a State of Emergency), 5777-2017 (the “Emergency Regulations”)

The Gas Law authorises the Minister of Energy to declare a state of emergency in the natural gas sector for a limited period, in which event the Emergency Regulations promulgated under Section 91 thereto will apply. In case of such state of emergency, Minister of Energy may enact certain obligations for gas suppliers to sell excess natural gas to the gas supplier in failure (whose inability to supply gas was the reason for the declaration of the state of emergency). If the demand for gas exceeds the supply, the gas supplier in failure is required to allocate the excess gas purchased from other suppliers to its customers in the Israeli market, in accordance with the order of allocation set out in the Emergency Regulations. The Emergency Regulations do not derogate from the remedies and relief available to anyone that signed an agreement with the defaulting gas supplier.

2.4 The Natural Gas Sector Regulations (Duty to Provide Information of a Natural Gas Seller and Marketer), 5782-2022 (the “Information Regulations”)

Under the Information Regulations, all those engaged in the sale or marketing of natural gas will be required to submit to the NGA quarterly reports that include details on the quantities of natural gas sold or marketed each month, the prices agreed upon in each natural gas supply agreement, the total income of the seller or marketer from natural gas sales to consumers in the Israeli market, copies of signed agreements and other details. The Information Regulations entered into force on 7 March 2022.

2.5 The Natural Gas Regulatory Framework

In August 2015 and later in May 2016, the Israeli Government adopted certain resolutions titled “A framework for the increase of the natural gas quantity extracted from the Tamar natural gas field and expeditious development of the Leviathan, Karish and Tanin natural gas fields and other natural gas fields”, which became effective when an exemption under the Economic Competition Law was issued to NewMed, Chevron and Ratio (together, the “**Gas Framework**”).

The exemption pursuant to the Competition Law was granted with respect with the following potentially regarded restrictive arrangements (the “**Exemption**”):

- The restrictive arrangement that was ostensibly created, according to the Competition Commissioner’s position, as a result of the acquisition of the rights in the Ratio-Yam permit (the Leviathan Leases’ original petroleum right) by NewMed, Chevron and Ratio; and the restrictive arrangement that was ostensibly created as a result of the parties’ coming together as joint holders of the Ratio-Yam permit and the Leviathan Field.
- The restrictive arrangement that would ostensibly be created in a case in which the parties or some of them jointly market the gas that shall be extracted from the Leviathan Field to the domestic market until 1 January 2025. The Minister of Energy is authorised, upon the fulfilment of certain conditions as prescribed in the Exemption, to extend the Exemption until 1 January 2030.
- The restrictive arrangement that would ostensibly be created in a case in which the parties or some of them jointly market the gas that shall be extracted from the Leviathan Field for export only.
- The restrictive arrangement which may be created as a result of a certain agreement for the purchase of natural gas from the Leviathan Field, provided that such agreement is signed by 1 January 2025.
- With respect to their activity in the Tamar and Leviathan Fields only, NewMed and Chevron being the holders of a monopoly according to the Competition Commissioner’s declarations.

The Exemption was contingent upon the fulfilment of certain conditions, including: (1) transfer of the rights of NewMed and Chevron in the Karish and Tanin leases (which was completed in December 2016); (2) transfer of the rights of NewMed in the Tamar lease (which was completed in December 2021); (3) certain restrictions that apply to new agreements for the supply of gas from the Leviathan Field, which are no longer applicable as at the Latest Practicable Date, other than the following restrictions: (i) the consumer shall not be subject to any restriction with respect to the purchase of natural gas from any other natural gas supplier; (ii) the consumer will have the possibility of selling natural gas that it purchased in a secondary sale (subject to certain conditions); and (iii) the parties shall not apply any restriction to the sale price at which the consumer shall sell the natural gas in a secondary sale; and (4) certain restrictions regarding the price of natural gas in offtake agreements, which are no longer applicable as at the Latest Practicable Date.

2.6 Israel and Lebanon Maritime Agreement

On 27 October 2022, Israel Government Resolution No. 1906 was published approving the maritime agreement between Israel and Lebanon (the “**Maritime Agreement**”), and on such date, the Maritime Agreement was signed by the Prime Minister of Israel and the President of Lebanon. The Maritime Agreement determines, inter alia, the maritime border between the countries and that the status quo near the coast, including regarding the length and as defined by the present buoy line, will be maintained as is.

Further thereto, on 14 November 2022, a memorandum of agreement was signed between the State of Israel and the French energy company TotalEnergies and the Italian energy company ENI (the consortium that holds the licence to develop Block 9 in Lebanon). According to the Ministry of Energy's announcement, the purpose of this memorandum of agreement is to ensure that the potential reservoir between the countries is not developed without preserving Israel's economic rights. It is stated that the document does not determine the economic consideration that Israel will be entitled to receive from the reservoir.

The area of the potential reservoir is partially included in the area of the Alon-D licence that was previously held by NewMed and Chevron, which filed a petition with the High Court of Justice in connection with the expiration of the rights therein, as detailed in paragraph 9.2(J) of Part XVIII (*Additional Information*).

3. Economic competition law

3.1 The status of NewMed as a monopoly

On 13 November 2012, NewMed was declared a monopoly in the supply of natural gas in Israel, individually and together with its other partners in the Tamar Project, commencing upon the date of the beginning of commercial supply from the Tamar Project. In December 2021, NewMed completed the sale of its remaining rights in the Tamar and Dalit Leases. As at the Latest Practicable Date, the 2012 monopoly declaration has not been amended by the ICA and hence NewMed still appears in the monopoly registry. In the event that Leviathan is declared a monopoly in the supply of natural gas in Israel, NewMed may be considered a monopoly also in respect of its holdings in Leviathan (and not only Tamar as pursuant to the 2012 declaration), due to its engagement in the joint marketing of the gas produced in the Leviathan Project together with Chevron and Ratio.

A monopoly is subject to Chapter D of the Economic Competition Law, including a prohibition to unreasonably refuse to supply the asset or service in the monopoly and a prohibition on abuse of its position in the market in a manner that might reduce competition in business or harm the public.

3.2 Natural gas price control

The Products and Services Price Control Order (Application of the Law to Natural Gas and Determination of Level of Control), 5773-2013 (the “**Products and Services Price Control Order**”), imposes controls on the gas market at the level of profitability and price reporting. Such duty to report applies separately with respect to each project. Over and above the duty to report prices and profitability, as of the report approval date, no control was imposed on the prices of gas marketed in Israel.

4. Taxation of Profits from Natural Resources Law

The Taxation of Profits from Natural Resources Law 5771-2011 (the “**Taxation of Profits from Natural Resources Law**”), enacted in 2011, imposes a progressive levy on profits derived from the sale of petroleum (the “**Natural Resources Levy**”). The Levy rate is based on a coefficient (the “**R-Factor**”).

The Natural Resources Levy R-Factor is calculated according to the following general formula:

$$\text{R-Factor} = \frac{\text{Accumulated Income}}{\text{Accumulated Investments}}$$

The term “**Accumulated Income**” generally means income from the end of the development phase (plus net income from the exploration phase or development phase, if any) less

(i) operating expenses from the end of the development phase, (ii) capital investments made after the end of the Commissioning Period (the first 24 months of commercial production), (iii) royalties due pursuant to the Petroleum Law, (iv) certain expenses incurred for exploration for additional reservoirs in the Petroleum right and (v) Levy payments for the venture made in respect of the previous period.

The term “**Accumulated Investments**” generally means (i) the total amount of the net exploration costs together with the exploration uplift (additional 100 per cent., subject to certain limitations), (ii) the aggregate net development costs together with the development cost factor (calculated as the higher of the normative interest on the development costs, or approximately US\$100 million), and (iii) capital investments during the Commissioning Period (the first 48 months of commercial production).

The Levy will not be due until the R-Factor reaches 1.5 (reflecting repayment of accumulated investments plus 50 per cent.), at which point it will be collected at a minimum rate of 20 per cent. As the R-Factor rises, the Levy will increase linearly up to a maximum rate of 50 per cent., at an R-Factor of 2.3 (reflecting repayment of accumulated investments plus 130 per cent.).

The maximum rate of the Levy shall be adjusted according to the Israeli corporate tax rate, and shall not exceed 50 per cent. less the product of 0.64 and the difference between (i) the Israeli corporate tax rate, as prescribed in section 126 of the ITO, for the tax year for which the Levy is calculated, and (ii) the 18 per cent. tax rate. Based on the Israeli corporate tax rate in 2022, the maximum levy rate is 46.8 per cent..

The Levy will be calculated and imposed separately for each project (i.e. each project will be ring-fenced) and each holder of a Petroleum right in a Petroleum project is required to pay the Levy according to its proportionate share in the Petroleum right.

The Levy will be recognised as an expense for the purpose of calculation of income tax. According to the Taxation of Profits and Natural Resources Law, the holder of the petroleum right will be given fixed annual accelerated depreciation on a deductible asset.

The law applies different coefficients to determine the level of levy depending on whether the commercial production started before 1 January 2014 or after.

The Taxation of Profits from Natural Resources Law provides, *inter alia*, that: (a) the Levy applies only to the profits from Petroleum production (upstream operations) and is not intended to apply to the midstream and downstream segments of the Petroleum chain; (b) the R-Factor is calculated on a cash basis, and not on an accumulated basis; and (c) the Levy confines will not include export facilities.

5. Export Regulations

5.1 Export Policy – Resolution 442

In January 2019, the Israeli Government adopted updates to the Export Resolution. According to the Export Resolution, the quantity of natural gas required to be secured for the domestic market shall be 500 BCM (the “**Minimum Quantity for the Domestic Market**”), which shall allow for the supply of natural gas for the market’s needs over the next 25 years. In this context, the “**natural gas quantity**” means the quantity of natural gas in the 2P and 2C categories in the aggregate, according to PRMS, in the discoveries recognised by the Petroleum Commissioner, with respect to which leases have been granted and for which the connection of the leases to the shore has been completed according to a development plan in a manner allowing for the supply thereof to the Israeli market.

The duty to supply the Minimum Quantity for the Domestic Market in respect of discoveries recognised prior to the Export Resolution will be as specified below:

Amount of Natural Gas in Reservoir	Rate of Minimum Supply to Domestic Market out of Natural Gas Amount in Reservoir
Exceeding 200 BCM (inclusive)	50 per cent.
Exceeding or equaling 100 BCM, but lower than 200 BCM	40 per cent.
Exceeding or equaling 25 BCM, but lower than 100 BCM	25 per cent.
Lower than 25 BCM	To be determined by the Petroleum Commissioner

The duty to supply the Minimum Quantity for the Domestic Market in respect of discoveries recognised after approval of the Government Resolution will be as specified below:

Amount of Natural Gas in Reservoir	Rate of Minimum Supply to Domestic Market out of Natural Gas Amount in Reservoir
For every additional 1 BCM exceeding 200 BCM	55 per cent.
For every additional 1 BCM from 50 BCM to 200 BCM	50 per cent.
Lower than 50 BCM	No duty to supply to the domestic market shall apply

In accordance with the provisions of the Gas Framework, following the transfer of Karish and Tanin Fields to Energean, the permitted export quota of the Karish and Tanin reservoirs, in the amount of 47 BCM, was exchanged against the Leviathan's obligation to supply such quantities to the domestic market.

6. The Law for Promotion of Competition and Reduction of Concentration

Under the Law for Promotion of Competition and Reduction of Concentration 5774-2013 (the "**Concentration Law**"), regulators have powers to make industry competitiveness considerations and economy-wide concentration considerations, as part of the allocation of public assets by the State, in order to ensure increased industry competitiveness and decentralisation of economy-wide concentration. Accordingly, a regulator may choose to not allocate to an entity listed on the published list of concentration entities, determined on the basis of criteria set forth in the Concentration Law, a right, including a contract, in a business sector that uses critical infrastructure or a public resource, or in the framework of which a utility is provided to the public, listed in the law.

NewMed is included in the list of concentration entities and in the list of significant non-financial corporations which are published from time to time by the Committee for the Reduction of Concentration.

7. Health, Safety and Environmental Regulations

7.1 General

In Israel, the Petroleum Law and regulations thereunder stipulate, *inter alia*, that the performance of drilling activities shall be carried out with due caution in order to prevent leakage of liquids and gases into the ground or uncontrollable gushing, as well as to prevent their penetration from one geological layer to another. Furthermore, it is forbidden to abandon a well unless it is sealed in accordance with the instructions of the Petroleum Commissioner.

The operations of the Leviathan Project are subject to various health, safety and environmental laws and regulations, including without limitation: the Law on the Prevention of Marine Pollution (Dumping of Waste), 5743-1983; the Law on the Prevention of Marine Pollution from Terrestrial

Sources, 5748-1988; the Pollution Prevention Ordinance Seawater in Oil (New Version), 5740-1980; the Hazardous Substances Law, 5753-1993; the Maintaining Cleanliness Law, 5744-1984; the Law for the Prevention of Environmental Hazards (Civil Claims), 5752-1992; the Clean Air Law, 5768-2008; the Environmental Protection Act (Emissions and Transfers to the Environment - the Obligation to Report and Register), 5772-2012; the Abatement of Nuisances Law, 5721-1961; the Coastal Environment Protection Law, 6764-2004; and the Business Licensing Law, 5728-1968; and any regulations and orders promulgated pursuant to any of the foregoing laws.

The Ministry of Energy, the Ministry of Environmental Protection and other government ministries, publish from time to time directives designated to regulate the environmental aspects of the operations of offshore petroleum and natural gas exploration, development and production, including, *inter alia*, (i) environmental directives for the performance of a seismic survey (geological and geophysical research); (ii) environmental directives for licences (for example, a condition for a drilling permit requires the licence-holder to submit an environmental impact assessment plan and an enterprise-wide emergency plan for the treatment of sea pollution by oil); and (iii) environmental directives for post-discovery licences and for leases (a condition for the approval for the development plan and the operation permit requires the leaseholder to submit an environmental impact assessment and an enterprise emergency plan for the treatment of incidents of sea pollution by oil).

In addition, the operations of the Leviathan Project may be subject to provisions relating to environmental matters that may be issued from time to time on behalf of other governmental bodies, including the Israel Lands Administration and the Ministry of Interior, and additional health, safety and environmental requirements are specified in various permits, licences and approvals issued to the Leviathan Project.

7.2 Government resolutions concerning the reduction of greenhouse gas emissions and the promotion of renewable energies

In recent years, the Israeli Government's policy places emphasis on energy security, pollution reduction and promotion of renewable energies.

Cessation of use of coal for power production. On 3 June 2018, the Israeli Government approved a reform in the electricity sector and IEC, under which IEC would reduce its power production operations by selling five production sites, representing about one half of its power production capacity, and IEC would build two modern natural gas-fired production units, as part of the direction of reducing the use of coal in the power production process. According to the Minister of Energy's decision of 13 November 2019, conversion of the coal-fired power plants in Hadera and Ashkelon to natural gas will be completed by 2025, meaning that in that year the use of coal for electricity production in Israel would end.

(A) Government Resolution no. 465 on promotion of renewable energy in the electricity sector

On 25 October 2020, government resolution no. 465 was adopted pertaining to the promotion of renewable energy in the electricity sector and it, *inter alia*, embraced the Minister of Energy's policy according to which, by 2030, 30 per cent. of electricity production will be from renewable energy based mainly on solar power and partially on wind power. An update was also determined for the intermediate target, setting it at 20 per cent. electricity generation from renewable energy sources by 31 December 2025. In addition, the policy regarding the promotion of conventional power generation facilities was modified. Resolution 465 included a series of decisions aimed at the promotion of use of renewable energy.

(B) Long term Energy sector targets

The Israeli Government recently adopted several resolutions concerning plans for compliance with emission reduction targets in the energy sector in 2050, as part of the attempts made by the State of Israel and other countries to cope with the climate crisis.

Government Resolution no. 286 on “**pricing of greenhouse gas emissions**” was adopted on 1 August 2021, regarding the amendment of the Fuel Excise Order, the Customs Tariff and Exemptions Order and the purchase tax on goods, in order to lead to the gradual internalisation of the environmental externalities of carbon emissions. The taxation pertaining to natural gas will gradually commence in 2023. Accordingly, on 13 October 2021, the Fuel Excise Order (Imposition of Excise Tax) (Amendment and Temporary Provision), 5782-2021 was released, as was the Customs Tariff and Exemptions and Purchase Tax on Goods Order (Amendment No. 2 and Temporary Provision No. 3), 5782-2021, which were signed by the Minister of Finance. Under these orders, the amounts of purchase tax and excise tax imposed on a ton of natural gas will gradually increase from 2023 to 2028, from ILS 29 to ILS 170 per ton. As at the Latest Practicable Date, the orders have not been approved as required by the Finance Committee of the Knesset, and Resolution 286 has not taken effect.

8. The Paris Agreement and the Powering Past Coal Alliance (the “PPCA”)

In 2016, Israel signed and ratified the agreement within the United Nations Framework Convention on Climate Change, dealing with greenhouse-gas-emissions mitigation, adaptation, and finance, starting in the year 2020 (the Paris Agreement). The principal undertaking of every country that signed the Paris Agreement is to submit a plan every 5 years which specifies the measures it will take to cope with climate changes.

In December 2018, Israel joined the PPCA, the purpose of which is to encourage the reduction and discontinuation of the use of coal. The parties to this initiative undertake to gradually reduce coal-fired power production and to support clean energy in government and corporate policies. The countries and the organisations that joined PPCA support the reduction of coal use in OECD countries by 2030 and worldwide by 2050.

SECTION B: EGYPT

1. Petroleum law regime of Egypt

1.1 Legislative structure of the Egyptian oil and gas industry

The Egyptian government has restructured the energy sector to cope with the expanding activities of oil, gas and petrochemicals in Egypt. The MPMR is the ministerial governmental authority responsible for the regulation and development of the oil and gas industry in Egypt. Certain government agencies, including the EGPC, the EGAS and the Ganoube El-Wadi Petroleum Holding Company (“**GANOPE**”) have been set up to help the MOP achieve its objectives.

The following laws predominantly regulate the oil and gas industry in Egypt:

- The Egyptian Constitution of 2014 as amended in 2019 (the “**Egyptian Constitution**”);
- The Fuel Materials Law No. 66/1953 as amended and its Executive Regulation issued by Minister of Industry Decree No. 758/1972 as amended (the “**Fuel Materials Law**”);
- Law No. 167/1958 as amended, and Law No. 20/1976, concerning the establishment and regulation of EGPC;
- Presidential Decree No. 409/1973 (concerning the formation of ministries) and Decree No. 1451/1973 (concerning competencies of the MPMR);
- Prime Minister Decree No. 1009/2001, concerning the establishment of EGAS, as amended by Prime Minister Decree No. 1580/2003;
- Prime Minister Decree No. 1755/2002, concerning the establishment of GANOPE;

- Law No. 4/1988 and its Executive Regulation issued by the MPMR Decree No. 292/1988 concerning oil pipelines;
- Law No. 217/1980 and Minister of Petroleum Decree No. 820/1996, concerning natural gas;
- The Gas Activities Law No. 196/2017 as amended, and its Executive Regulation issued by Prime Minister Decree No. 196/2017 (for commercial gas activities); and
- Law No. 4/1994 and its Executive Regulation issued by Prime Minister Decree No. 338/1995.

1.2 The right to explore and develop oil and gas

Under the Egyptian Constitution, all oil and gas resources are under the control of the State of Egypt. Accordingly, only the State of Egypt can grant rights for exploration and exploitation of oil and gas resources for interested investors.

The Egyptian Constitution provides that concessions for the exploitation of such resources shall be issued by virtue of a law for a period not exceeding 30 years.

The mechanism for granting a contractor the right to carry out oil and gas exploration and development activities in Egypt is the concession agreement (also referred to as a production sharing contract). The Egyptian government usually first grants rights to exploration and exploitation licences through a competitive international bidding process, where opportunities are as of recent accessible through the Egypt Upstream Gateway⁷³. The successful bidder is then required to enter into individual concession agreements with EGPC, EGAS or GANOPE (as applicable) and the Egyptian Government represented by the Minister of Petroleum and Mineral Resources for each concession area acquired. First, however, a law will be issued allowing the Minister of Petroleum and Mineral Resources on behalf of the Egyptian Government, to enter into the concession agreement with the relevant government entity and the contractor. Such special law embodies the terms of the concession agreement, which, following the issuance of the special law, will be signed by the Minister of Petroleum and Mineral Resources, the government entity and the contractor.

Concession agreements have the force and privileges of law in Egypt, meaning each agreement is considered to be an Egyptian Act of Parliament that requires Parliamentary approval. The concession agreement overrides any contradictory Egyptian laws but not the Egyptian Constitution. The exploration and exploitation licences granted under the concession agreement are deemed the main licences for the exploration and exploitation of oil and gas resources. In the absence of any legal rule under the relevant concession agreement, the exploration and exploitation operations will be subject to the rules of the Fuel Materials Law, its Executive Regulation and related ministerial decrees, where applicable.

References may be made to other laws in Egypt, such as certain environmental regulations (discussed below), and these other laws will apply to the particular aspects of the concession, in so far as they do not contradict with the provisions of the concession agreement.

1.3 The Concession Agreement

Concession agreements usually follow a standard format which may be updated by the MOP and the relevant government entity from time to time, with slight variations. The commercial terms of concession agreements are open to negotiation, but each concession agreement will typically set out certain factors such as:

- minimum work and financial commitments associated with each exploration and development programme;
- any bonus payment(s) to be paid by the contractor to the relevant government agency upon triggering events (usually tied to certain production milestones);

⁷³ Available here: https://eug.petroileum.gov.eg/dp/controller/PLEASE_LOGIN_PAGE

- royalties payable to the government in cash or in kind (10 per cent. for any quantity of oil or gas produced and saved from the area covered by the concession during the development period);
- exploration and development periods and extensions of each;
- rules concerning the contractor's recovery of its costs and expenses in association with exploration, development and related operations;
- production sharing valuations;
- priority right to the relevant government entity to offtake the production for domestic needs;
- relinquishment obligations and the associated triggering events; and
- requirements and procedures to convert an area to a development and to obtain a development lease, conclude sales and offtake agreement, and to dispose of the contractor's share of production.

Under the exploration phase of a concession agreement, the contractor will be granted the right to carry out exploration activities in the area defined under the concession agreement.

The exploration phase duration is determined under each concession on a case-by-case basis and is usually a seven-year term which is generally divided into two or three terms: the initial term of two to five years and up to two potential extensions of one to three years each. If no commercial discovery is made at the end of the exploration phase, the concession agreement will terminate. Even if a commercial discovery is made, the contractor will have to relinquish certain areas not associated with the commercial discovery over time intervals provided in the concession. The contractor may also voluntarily relinquish exploration areas at any time before the end of the exploration phase.

After a commercial discovery is made, the contractor and the relevant government agency will decide whether to develop the area. If the parties decide to proceed, and if the MOP approves, then the parties will designate the development area (within the concession area) that will become subject to a development lease. The terms of the development lease are set out in the concession agreement, with the length of the development lease usually being between 15-20 years with options to extend (usually in five-year increments, provided that a development lease may not be extended beyond 30 years from the date of commercial discovery, in compliance with the limitation in the Egyptian Constitution).

After the development lease is granted, the parties will agree on a development and production plan and endeavour to find markets capable of absorbing the production, and the relevant government agency will advise the contractor of the potential outlets for the production with respect to local markets. The contractor will still have the right to explore the concession areas that are not subject to the development lease (and not otherwise subject to relinquishment) on the exploration terms in the concession agreement as outlined above. The concession provides for a priority right to the relevant government agency over the production of crude or gas to meet domestic need. The relevant government agency would typically exercise such priority right and conclude offtake agreements with the contractor in this regard.

1.4 Joint operating company

The contractor and the relevant government agency will be required to form a joint operating company ("JOC") to operate the commercial discoveries that are subject to the development lease(s). JOCs are established and are equally owned by the relevant government agency and the contractor in the form of a joint-stock company, and the charter of the JOC is typically annexed to the concession agreement. If there is more than one contractor that is a shareholder in the JOC, then each contractor member will be responsible among the group of contractor members for its share of the operating costs of the JOC in proportion to its participating interest in the concession agreement. The object of the JOC is essentially to act as an agent through which the contractor and the relevant government agency carry out the operations under the concession agreement. The JOC does not own any right, title or interest

in the concession and does not make any profit. The shares of the JOC are not tradable and may not be transferred except due to an assignment of a contractor stake under the concession itself. Therefore, whenever it is indicated in the concession agreement that the JOC shall decide, take action or make a proposal, it is understood that such decision or judgment is taken by the relevant government agency and the contractor jointly. The JOC is fully funded by the contractor against cost recovery under the cost recovery regime of the concession. In case of common contractors in two or more concessions, it is common practice to hold one of the JOCs without employees or active operations and subcontract its work entirely to the other JOC, with both sharing the same owner.

The contractor and the JOC are exempt from custom duties, effective taxes, levies and fees related to the import of machinery, appliances, vehicles, hardware, software and most other items used in operations. However, such exemption does not apply where items of the same or substantially similar kind and quality are manufactured locally and can be procured at comparable prices. Generally, the contractor is subject to Egyptian income tax at the rate of 40.55 per cent. and must file returns, assessment of tax and bookkeeping, which are to be grossed up as set out in the concession agreement.

In any event, the relevant government agency assumes, pays and discharges, in the name of the contractor, its Egyptian income tax out of its share of the petroleum produced except as set out in the concession agreement.

1.5 Cost recovery and production allocation

The concession agreement will set out in detail the distribution of cost recovery for the contractor, including a dedicated annex outlining the accounting procedures for treatment of costs, expenses and taxes under the concession agreement. Typically, the contractor bears all the risks until a commercial discovery is made, and, following which, the JOC is formed. The contractor will then be entitled to recover a certain percentage of its costs related to its previous and ongoing exploration and development activities (usually 25 per cent. to 40 per cent.) in proportion to its working interest in the concession agreement. These costs may be recovered from the total petroleum production at a rate set out under the concession agreement on a quarterly basis. If the recoverable expenditures exceed the amount recoverable from petroleum production in any period, the unrecovered portion of the expenditures can usually be carried forward to subsequent periods. Full title to fixed and movable assets that are charged to cost recovery will usually pass from the contractor to the relevant government agency when its total costs have been recovered in accordance with the concession agreement, or at the time of relinquishment of the concession agreement with respect to all assets chargeable to the operations whether recovered or not, whichever occurs earlier.

1.6 Ownership of assets

Under the model concession agreements, the movable and immovable assets (other than lands, which become the property of GANOPE, EGAS or EGPC, as of the purchase thereof) are transferred automatically and gradually from the contractor to GANOPE, EGAS or EGPC, as they become subject to cost recovery pursuant to the cost recovery provisions of the concession. The contractor (through the JOC) only has the right to use such assets for the purpose of petroleum operations under the concession agreement.

1.7 Termination and revocation of concession

The concession agreement is terminated by the lapse of its term, unless terminated prematurely. In addition, the Egyptian Government has the right to prematurely terminate the concession agreement in several instances set out in the concession. The Egyptian Government may, among other things, terminate the concession in the event of a misrepresentation by the contractor, an assignment of the contractor's rights without obtaining the required approvals, or the contractor being declared bankrupt, or committing any material breach under the concession or the Fuel Materials Law. If the Egyptian Government deems that one of these causes (other than force majeure events) exists, it will give the contractor 90 days' written notice to remedy and remove the cause. If, at the end of the 90-day notice period, the cause has not been remedied and removed, the concession agreement may be terminated by a presidential decree.

2. Environmental law regime of Egypt

2.1 Fuel Materials Law and Environment Law

All persons working in concession areas are legally obligated to comply with health and safety requirements and industry standards in the course of carrying out their work. The Executive Regulation of the Fuel Materials Law sets out examples of the measures that must be taken to this effect, including the required maintenance of operation facilities and machinery equipment, as well as the prevention of accidents such as oil spills.

Environmental issues in Egypt are also governed by Environment Law and its Executive Regulation, which provides for the creation of the Egyptian Environment Affairs Agency (“**EEAA**”). The EEAA formulates general policies and implements plans for the protection of the environment.

Such protections include mandatory environmental reviews to be undertaken by the competent administrative authority as part of the approval process for all proposed projects. Non-compliance with environmental obligations will subject the contractor to fines which are criminal in nature, ranging from 300,000 to 1,000,000 Egyptian pounds and potentially imprisonment in particular situations. The EEAA is tasked with enforcing these obligations. Decommissioning of petroleum wells is addressed under the Fuel Materials Law and not under the concession. The contractor will need to prepare a decommissioning programme for non-producing wells, in accordance with the technical due principles, good oil field practices and accepted petroleum engineering principles and present it to the EGPC for approval. Once the relevant government agency (and EGPC as may be the case) approves the proposed decommissioning programme in writing, the contractor may start the decommission process in accordance with such approved decommissioning programme. In relation to petroleum wells, the production from which is not economical, the contract will have to prove to the relevant government agency, from a technical and operational perspective, that the production from the relevant well is not economical. If EGPC acknowledges that the production from the relevant well is not in fact economical, the contractor may start the decommissioning process after obtaining the approval of the relevant government agency in relation to the decommissioning programme.

The relevant government agency, at its own discretion, has the right to request from the contractor to leave the well as is and not to decommission it if the relevant government agency is of the opinion that such well may be used for any purpose. The concession agreement form does not include provisions dealing with handover of the concession area upon termination/relinquishment to the relevant government agency. The Fuel Materials Law and its Executive Regulation include a handful of provisions in this regard. However, the matter is entirely in practice dependent on the discretion of the relevant government agency. Some recent models of the concession agreement particularly with EGAS, require the contractor to submit an abandonment plan of the development area along with the development plan, which will include for example the abandonment procedures, estimated cost and cost recovery mechanism.

Except as disclosed above, there are no explicit statutory provisions or standards set out in the concession agreement form, the Fuel Materials Law or its Executive Regulation in relation to timing, cost expectation or provisions for the abandonment and decommissioning duties of the contractor. Such duties are subject to the general obligation on the contractor to perform its duties under the concession agreement in a diligent, safe and efficient manner in accordance with such good and prudent petroleum industry practices and field conservation principles as are generally followed in the international petroleum industry under similar circumstances.

2.2 Other Environmental Laws

Other relevant environmental laws include:

- Law 59/1960 and its Executive Regulation 630/1962 regulating work with ionising radiation, licensing and preventing its dangers, Law 7/2010 and its Executive Regulation 1326/2011 regulating nuclear and radiological activities, and Prime Minister Decree 1767/2014 on protection against ionising radiation and regulates licensing and use of radiation sources;

- Law 93/1962 and its Executive Regulation 649/1962 promulgating disposal of liquid waste, protection of public sewer networks and the licensing of establishment of private sewer networks;
- Law 48/1982 and its Executive Regulation 402/2009 on protecting the Nile River and waterways from pollution;
- Law 147/2021 regulating irrigation and the protection of water resources. The law stipulates general rules to protect the water resources;
- Minister of Environment decree 75/2017 determining the fees for reviewing the environmental impact assessment study;
- Waste Management Law 202/2020 and its Executive Regulation 722/2022;
- Law No. 102/1983 regulating the protection of the natural reserves;
- Minister of Environment decree 125 for 2021 regarding the collection of fees for approvals and permits issued by the EEA to approve the export or release of substances subject to Montreal Protocol;
- Executive Regulation issued by Decree No. 758/1972 of Law 66/1953 regulating security, protection requirements, waste management and protection of sea water in relation to oil and gas activities; and
- Minister of Petroleum Decree 673/1999 and Decree 1352/2007 specifying petroleum materials and hazardous waste that are prohibited to be used without a licence obtained from EGPC.

2.3 Environmental Conventions

Egypt is party to the following conventions and treaties pertaining to environmental matters:

- Barcelona Convention for the Protection of the Mediterranean Sea Against Pollution;
- Bamako Convention on the Ban of the Import into Africa and the Control of Transboundary Movement and Management of Hazardous Wastes within Africa;
- International Convention on Civil Liability for Oil Pollution Damage;
- The International Convention for the Prevention of Pollution from Ships, 1973 as modified by the Protocol of 1978 (MARPOL 73/78);
- The Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (London Convention, 1972);
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal;
- UNESCO Convention on the Protection of the Underwater Cultural Heritage;
- Convention Concerning the Protection of the World Cultural and Natural Heritage;
- African Convention on the Conservation of Nature and Natural Resources;
- Montreal Protocol on Substances That Deplete the Ozone Layer;
- United Nation Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement;

- Convention on Biological Diversity;
- Convention on the Conservation of Migratory Species of Wild Animals;
- Radiation Protection Convention, 1960;
- Working Environment (Air Pollution, Noise and Vibration) Convention, 1977; and
- Stockholm Convention on Persistent Organic Pollutants.

3. State of Egypt

3.1 Overview

The Unilateral Declaration of Egyptian Independence on 28 February 1922 was the formal legal instrument by which the United Kingdom recognised Egypt as an independent sovereign state. The military-led revolution that began on 23 July 1952 led to a republic being declared on 18 June 1953 and all British troops withdrawn on 18 June 1956.

The current Egyptian Constitution was passed by a referendum in January 2014 and was amended in 2019. Egypt is a presidential republic. Pursuant to the Egyptian Constitution, the President is the Head of State, the Supreme Commander in Chief of the Armed Forces and heads the executive authority. The President also chairs the Supreme Council for the Judiciary Authorities since 2019.

Egypt has a bicameral parliamentary system made of the Parliament (House of Representatives) and the Senate (Shura Council). The Senate's role is advisory, while only the Parliament has the legislative power to enact laws.

The modern Egyptian legal system is based on a combination of Napoleonic Code and Islamic Shariah law. The Egyptian legal system is considered and is categorised as a civil law system and is based upon an established system of codified laws. Judicial precedents of higher courts are not binding but provide moral guidance for the courts.

Besides court litigation, Law No. 27/1994 governs domestic and international arbitration. Arbitration is well established as a prominent method for dispute resolution for investment and business disputes.

3.2 Membership of relevant organisations, treaties and initiatives

Egypt is a member of several international organisations including the East Mediterranean Gas Forum, Organisation of Arab Petroleum Exporting Countries, International Energy Forum, Gas Exporting Countries Forum, World Petroleum Council, African Petroleum Producers Organisation, World Energy Council, International Union for Conservation of Nature, The United Nations, The International Monetary Fund, The World Trade Organisation, The International Labour Organisation, The International Maritime Organisation, The World Customs Organisation, The International Organisation for Standardisation, The African Union, Common Market for Eastern and Southern Africa, and The Arab League.

Egypt concluded several bilateral investment treaties such as the Canada–Egypt bilateral investment treaty (1996), Egypt–United States bilateral investment treaty (1986), and Egypt–United Kingdom bilateral investment treaty (1975).⁷⁴

Egypt initiated the efforts to gather countries producing gas in the Eastern Mediterranean region under one forum to align and enhance joint commercial opportunities. East Mediterranean Gas Forum was established by Egypt, Palestine, Greece, Cyprus, Israel, France, Italy and Jordan and has its headquarters in Egypt by Presidential Decree No. 471 of 2021. Egypt has declared plans to become a hub for commercial activities for Eastern Mediterranean Gas and continues to play an active role in this

⁷⁴ More information on bilateral trade agreements to which Egypt is a party can be found here: <https://investmentpolicy.unctad.org/international-investment-agreements/countries/62/egypt>

regard, whether within the East Mediterranean Gas Forum or through other fronts. Egypt has also in place a memorandum of understanding with the EU and the US in the energy field. Egypt and Cyprus signed in 2019 an agreement to build a direct sub-sea gas pipeline.

In March 2022, Egypt announced at the World Economic Forum that construction of the pipeline connecting Cyprus' Aphrodite natural gas field to Egypt will begin by the end of 2022 and is planned to become operational by 2025. The planned pipeline will allow natural gas from Cyprus to flow to Egypt's liquefaction facilities at Idku and Damietta for processing and shipment onward to Europe and the World. In addition, Egypt established Hub Development projects for trading and storage of crude oil and petroleum products (SUMED and Sonkar). In June 2022, Egypt and Israel signed a framework agreement with the EU, to supply the EU with gas. Egypt signed a similar agreement with Lebanon and Syria in June 2022 to supply Lebanon with natural gas. Egypt is also negotiating an agreement for the development of the offshore Gaza gas field known as the Gaza Marine Project. The MPMR announced that final agreements will be signed between the Egyptian and the Palestinian Governments before the end of Q1 2023. Egypt is already implementing plans pertaining to energy resources diversification, decreasing carbon emission, and expanding on hydrogen production projects. In this regard, Egypt recently signed several preliminary agreements for green and ammonia projects and carbon credits projects. In November 2022, Egypt hosted the 2022 United Nations Climate Change Conference (COP27).

Egypt announced and signed further partnerships in the energy sector, in particular in relation to green hydrogen production. In line with Egypt's National Climate Change Strategy 2050, Egypt announced several developments concerning the establishment of a local carbon credit scheme. In November 2022, Egypt launched its carbon certificates trading company, being the first in Egypt and in Africa.

The MPMR announced a new international bid round for gas and oil exploration in the Mediterranean and the Nile Delta areas on 28 December 2022. Following the previous bid round in January 2022, Egypt awarded permits for areas in the Mediterranean Sea, the Western Desert, and the Gulf of Suez to Eni, BP, Apex International, Ina Nafta and United Energy, with a reported minimum investment in exploration of approximately US\$250 million along with approximately US\$23.7 million in signature bonuses. In December 2022, the discovery of a large gas field in the Eastern Mediterranean Nargis Block, operated by Chevron, was reported in the media, though an official announcement regarding resource size is still pending.

3.3 Court System

The judiciary consists mainly of the Civil Courts, the Economic Courts, the State Council (i.e., the administrative courts) and the Supreme Constitutional Court.

The Egyptian court system adopts a two-tier litigation process, where matters of fact and law are litigated before first instance courts and can be reviewed before Appeal Courts, which exercise a full review of the facts, merits and verdict of the case. The Court of Cassation poses a third tier of litigation, but its remit excludes any matters of fact and is limited to the application of law. Over time, the Court of Cassation became the central unit for providing a uniform interpretation and application of the law.

Economic courts are Civil Courts with special jurisdiction over commerce, banking and finance related cases. Economic Courts are divided into First Instance Courts and Courts of Appeal.

The State Council has jurisdiction over disputes involving administrative bodies in connection with administrative decisions and contracts and is divided into First Instance Courts, Courts of Appeal and the Higher Administrative Court.

The Supreme Constitutional Court examines whether a legislation violates the Constitution. If any legislation contradicts the Constitution, the Supreme Constitutional Court holds it unconstitutional and such law becomes null and void.

Generally, save for the Economic Courts, the courts in Egypt are slow and unfamiliar with complex commercial transactions and structures. Seeking redress through the courts could therefore be a lengthy process with uncertain outcomes. Accordingly, resorting to commercial arbitration is always the recommended approach.

3.4 Enforcement of Arbitration

Egypt is a signatory to the New York Convention. A valid arbitral award is enforceable without retrial of the merits if it fulfils the conditions of the New York Convention and Egyptian Law No. 27/1994, which includes the following:

- (a) the arbitral award does not contradict a judgment previously rendered by the Egyptian Courts on the subject disputed;
- (b) the arbitral award does not contravene Egyptian public policy; and
- (c) the arbitral award was properly notified to the party against whom it was rendered.

An arbitral award presented to an Egyptian Court for enforcement must be accompanied by an official Arabic translation of the arbitration agreement and the arbitral award.

3.5 Enforcement of Foreign Court Judgement

Egyptian courts will not recognise a judgment of any foreign court in the absence of a reciprocal recognition of judgments. Without an explicit bilateral treaty, a judgement by a foreign court is unlikely to be enforceable in Egypt without retrial of the merits.

In addition, submission by the parties to the exclusive jurisdiction of any foreign courts will not ban or block the jurisdiction of Egyptian courts. Accordingly, Egyptian courts will retain jurisdiction to review and decide upon any dispute irrespective of the parties' submission to the exclusive jurisdiction of certain foreign courts. Only valid submission to arbitration would block Egyptian courts from assuming jurisdiction.

Part XVIII Additional Information

1. Responsibility Statement - Company, Directors and Proposed Directors

The Company, the Directors and the Proposed Directors, whose names appear in Section 1 of Part XVI (*Directors, Employees and Corporate Governance*) of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company, the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

Capricorn was incorporated and registered with the name of Randotte (No. 507) Limited in Scotland on 7 January 2002 with registered number SC226712. Capricorn was reregistered as a public limited company on 5 December 2002, and its name was changed from Randotte (No. 507) Limited to New Cairn Energy PLC. The name of the Company was changed to Cairn Energy PLC on 19 February 2003 and to Capricorn Energy PLC on 10 December 2021.

The principal legislation under which Capricorn operates is the Companies Act 2006 and regulations made thereunder.

Capricorn is domiciled in the United Kingdom and its registered office is 50 Lothian Road, Edinburgh, EH3 9BY. The telephone number of the Company's head office is +44 (0)131 475 3000. Capricorn's website can be found at www.capricornenergy.com. Except otherwise disclosed in this document, the information on Capricorn's website does not form part of this document. The legal entity identifier of the Company is 213800ZJEUQ8ZOC9AL24.

3. Share capital of the Company

3.1 Issued share capital of the Company

The Company has only one class of share capital which is the Ordinary Shares.

The following table shows the issued share capital of the Company at the Latest Practicable Date, and the expected issued fully paid ordinary share capital of the Company following Completion:

	Existing Ordinary Shares at the Latest Practicable Date		Ordinary Shares following Completion	
	Number	£	Number	£
Issued and fully paid	315,072,439	767,516,461	3,058,955,552	7,451,615,724

The figures in the table above assume that no new Participation Units will be issued or existing Participation Units cancelled between the Latest Practicable Date and Admission, that no new Ordinary Shares will be issued or existing Ordinary Shares cancelled between the Latest Practicable Date and Admission, and that no adjustment to the exchange ratio will occur between the Latest Practicable Date and Admission.

At the Latest Practicable Date, none of the Ordinary Shares was held in treasury and none of the Ordinary Shares has been issued partly paid.

3.2 History of the share capital

As at 1 January 2019, being the first day in the period covered by the historical financial information incorporated by reference into this document, the issued and fully paid share capital of the Company comprised 589,501,791 Ordinary Shares.

The following paragraphs provide information on the movements in the issued share capital of the Company between 1 January 2019 and the Latest Practicable Date:

- (A) Between 1 January 2019 and 31 December 2019, 50,794 ordinary shares were issued. As at 31 December 2019, Capricorn's issued and fully paid share capital comprised 589,552,585 ordinary shares with a nominal value of 231/169 pence each.
- (B) Between 1 January 2020 and 31 December 2020, 165,050 ordinary shares were issued. As at 31 December 2020, Capricorn's issued and fully paid share capital comprised 589,717,635 ordinary shares with a nominal value of 231/169 pence each.
- (C) Between 1 January 2021 and 8 January 2021, 99,190 ordinary shares were issued. With effect from 11 January 2021, the share capital was subdivided and consolidated on the basis of 11 new ordinary shares of 21/13 pence for every 13 ordinary shares of 231/169 pence held. Following the consolidation the entire issued share capital of Capricorn consisted of 499,075,775 Ordinary Shares. Between 15 January 2021 and 25 November 2021, 253,313 Ordinary Shares were issued. As at 31 December 2021, Capricorn's issued and fully paid share capital comprised 496,847,429 Ordinary Shares.
- (D) Between 15 November 2021 and 28 February 2022, 4,432,805 Ordinary Shares were purchased and cancelled. Between 25 February 2022 and 22 March 2022, 676,723 Ordinary Shares were issued.
- (E) Between 7 April 2022 and 6 July 2022, 180,500,567 Ordinary Shares were purchased and subsequently cancelled (comprising 171,073,128 Ordinary Shares purchased and cancelled on 8 April 2022 as part of a tender offer by the Company, and a further 9,427,439 Ordinary Shares purchased and cancelled by the Company).

As at the Latest Practicable Date, Capricorn's issued and fully paid share capital comprised 315,072,439 Ordinary Shares.

Other than the issues and cancellations of Ordinary Shares referred to above in this section 3.2 of this Part XVIII, there have been no changes to the issued share capital of the Company between 1 January 2022 and the Latest Practicable Date.

4. Information about the New Ordinary Shares

4.1 Description and type of securities being offered

The New Ordinary Shares will be issued credited and fully paid with a nominal value of 21/13 pence. When admitted to trading, the New Ordinary Shares will be registered with ISIN GB00BN0SMB92.

Immediately following Readmission and Admission, it is expected that Capricorn will have 3,058,955,552 fully paid Ordinary Shares in issue (none of which will be held in treasury). If Completion occurs, it will result in the issue and allotment of 3,292,659,735 New Ordinary Shares. Existing Capricorn Shareholders will suffer an immediate dilution as a result of Admission, following which they will hold, in aggregate, approximately 10.3 per cent. of the enlarged share capital of the Combined Company.

The New Ordinary Shares have not been, and will not be, registered under the US Securities Act and 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.

4.2 Legislation under which the New Ordinary Shares will be created

The New Ordinary Shares will be created under the Companies Act 2006.

4.3 Confirmations

As at the Latest Practicable Date and save as otherwise disclosed in this Part XVIII:

- (A) no share or loan capital of the Company has, since 1 January 2019, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for consideration other than cash, to any person;
- (B) no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital;
- (C) other than in respect of the Employee Share Schemes, no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option; and
- (D) the Company held no treasury shares (as defined in the Companies Act 2006).

4.4 Listing

Applications will be made to the FCA for the Existing Ordinary Shares to be readmitted and the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the LSE's main market for listed securities.

Application will be made to the ISA and the TASE for the Existing Ordinary Shares and the New Ordinary Shares to be admitted to trading on the TASE. Whilst it is the Ordinary Shares themselves which shall be listed on the TASE, on Completion, the New Ordinary Shares will settle on the TASE for NewMed Unitholders and the General Partner in the form of beneficial entitlements to the underlying New Ordinary Shares. See paragraph 4.9 below for further information on settlement of the New Ordinary Shares on the TASE.

4.5 Form and currency

The New Ordinary Shares will be in registered form and will be capable of being held in certificated and uncertificated form.

Title to certificated Ordinary Shares (if any) will be evidenced by entry into the register of members of the Company and title to uncertificated Ordinary Shares will be evidenced by entry in the operator register maintained by the Registrars (which will form part of the register of members of the Company).

It is expected that the New Ordinary Shares, when allotted and issued, will be capable of being held and transferred by means of CREST.

The Existing Ordinary Shares are priced in pounds sterling, and the New Ordinary Shares will be quoted and traded in pounds sterling.

The Existing Ordinary Shares are, and the New Ordinary Shares will be, freely transferable and there are no restrictions on transfer in the United Kingdom.

4.6 Rights attached to the New Ordinary Shares

The New Ordinary Shares will, following Readmission and Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, including in relation to dividends or other distributions. Following Readmission and Admission, the Company will have one class of shares, the rights of which will be as set out in the Articles, a summary of which is set out in section 4.8 of this Part XVIII.

Subject to the Companies Act 2006, any equity securities issued by the Company for cash must first be offered to Capricorn Shareholders in proportion to their holdings of Ordinary Shares. The Companies Act 2006 and the Listing Rules allow for the disapplication of pre-emption rights, which may be waived by a special resolution of the Capricorn Shareholders, either generally or specifically for a maximum period not exceeding five years.

4.7 Existing Shareholder authorities

At the 2022 AGM, the following resolutions were passed by Capricorn Shareholders:

- (A) an ordinary resolution authorising the Directors generally and unconditionally to exercise all the powers of the Company pursuant to, and in accordance with, section 551 of the Companies Act 2006, to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:
 - (i) up to a nominal amount of £2,668,203.19 (such amount to be reduced by the nominal amount allotted or granted under paragraph 4.7(A)(ii) below in excess of such sum); and
 - (ii) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £2,668,203.19 (such amount to be reduced by any allotments or grants made under paragraph 4.7(A)(i) above) in connection with an offer by way of a rights issue:
 - (a) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings; and
 - (b) to holders of other equity securities as required by the rights of those securities or, if the Directors otherwise consider it necessary, as permitted by the rights of those securities,
- and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, provided that these authorities shall expire at the conclusion of the annual general meeting of the Company to be held in 2023 or at the close of business on 30 June 2023, whichever is the sooner, save that the Company may before such expiry make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such an offer or agreement as if the authorities conferred hereby had not expired;
- (B) special resolution giving the Directors the powers pursuant to section 571 of the Companies Act 2006, to allot equity securities (within the meaning of section 560(1) of the Companies Act 2006) for cash under the authority conferred by resolution (A) above and/or sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale provided that this power shall be limited:
 - (i) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of an authority granted under part (ii) of resolution (1) above, by way of a rights issue only):
 - (a) to Capricorn Shareholders (excluding any Shareholder holding shares as treasury shares) in proportion (as nearly as may be practicable) to their existing holdings of Ordinary Shares; and
 - (b) to holders of other equity securities, as required by the rights of those securities, or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any such arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (ii) in the case of the authority granted under part (i) of resolution (A) above and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than pursuant to subparagraph (a) above) of equity securities or sale of treasury shares up to a nominal amount of £400,270.51,

such power shall apply until the conclusion of the annual general meeting of the Company to be held in 2023 or at the close of business on 30 June 2023, whichever is the sooner, save that, in each case, the Company may during this period make offers and enter into agreements which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the power ends and the Directors may allot equity securities (and/or sell treasury shares) in pursuance of such an offer or agreement as if the power conferred hereby had not expired;

- (C) a special resolution granting the Directors the power, in addition to the authority described in resolution (2) above, to allot equity securities (within the meaning of section 560(1) of the Companies Act 2006) for cash under the authority conferred by resolution (1) above and/or sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be:

- (i) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £400,270.51; and
- (ii) used only for the purposes of financing (or refinancing, if the power is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of the 2022 AGM, such power shall apply until the conclusion of the annual general meeting of the Company to be held in 2023 or at the close of business on 30 June 2023, whichever is the sooner, save that, in each case, the Company may during this period make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the power ends and the Directors may allot equity securities (and/or sell treasury shares) in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

At the General Meeting, Capricorn Shareholders will be asked to consider and vote on the Transaction Resolutions proposed, which will, if passed, authorise the Directors to allot up to 3,292,659,735 New Ordinary Shares in connection with the Combination. Accordingly, the New Ordinary Shares to be issued in connection with the Combination are expected to be issued and allotted pursuant to the authority conferred on the Company in accordance with the Transaction Resolutions proposed at the General Meeting.

4.8 The Articles of Association

The following is a summary of the Articles, which are available on the Company's website and at Capricorn's registered office. The Articles, which were adopted on 17 May 2012, contain provisions (among others) to the following effect:

(A) Objects

The Company's objects are unrestricted.

(B) Share rights

Subject to the Companies Act 2006 and other Capricorn Shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Redeemable shares may be issued. Subject to the Articles, the Companies Act 2006 and other Capricorn Shareholders' rights, unissued shares are at the disposal of the Board.

(C) Voting rights

Subject to any rights or restrictions attaching to any class of shares, every member present in person at a general meeting has, upon a show of hands, one vote, and every member present in person or by proxy has, upon a poll, one vote for every share held by him. At any general meeting, substantive resolutions put to the meeting shall be decided on a poll and procedural resolutions put to the vote of the meeting shall be decided on a show of hands (unless a poll is demanded pursuant to the Articles). No member shall (unless the directors otherwise determine) be entitled to attend or vote at any general meeting in respect of any share held by them if they have not paid any amount relating to that share which is due at the time of the meeting if any call or other sum presently payable by him to the Company in respect of the shares in the Company remains unpaid.

(D) Dividends and other distributions

Subject to the Companies Act 2006, the Company can declare dividends by passing an ordinary resolution. No such dividend can exceed the amount recommended by the Board. Subject to the Companies Act 2006, the Directors may pay interim dividends, and also any fixed rate dividend, if they consider that the financial position of the Company justifies such payments. If the Board acts in good faith, it is not liable for any loss that Capricorn Shareholders may suffer because a lawful interim dividend has been paid on other shares which rank equally with or behind their shares.

The Company may stop sending dividend payments through the post, or cease using any other method of payment (including payment through CREST), for any dividend if, either (i) at least two consecutive payments have remained uncashed or are returned undelivered or (ii) one payment remains uncashed or is returned undelivered or that means of payment has failed and reasonable enquiries have failed to establish any new address or account of the registered holder. The Company will resume sending dividend payments if requested in writing by the Shareholder.

Each Ordinary Share entitles the holder to an equal share of any surplus assets of the Company after creditors have been paid in the event of a winding-up of the Company.

(E) Variation of rights

Subject to the Companies Act 2006, rights attached to any class of shares may be varied with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class, or by an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting (except an adjourned meeting) the quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class.

(F) Lien, forfeiture and untraced Capricorn Shareholders

The Company has a lien (enforceable by sale) on all partly-paid shares for any money owed to the Company for the shares. The Directors are entitled to exercise their right of sale where the money owed by the Shareholder is payable immediately, the Directors have given notice to the Shareholder of the amount owed (stating the amount

due, demanding payment and setting out the Directors' right to enforce the lien through sale) and the sum owed remains unpaid 14 days after service of the notice.

The Board can also call on Capricorn Shareholders to pay any money which has not yet been paid to the Company for their shares as well as any interest which may accrue from the date of the call until the date it is satisfied and any expenses incurred as a result of the non-payment of the call. The Directors can send the Shareholder a notice requiring payment of the unpaid amount. The notice must demand payment of the sum due plus interest and expenses, give the date by which the total is due (which must be at least 14 days after the date of service of the notice), specify where payment is to be made and state the Company's right of forfeiture in respect of outstanding calls. Where this call remains unsatisfied the shares can be forfeited, in which case the shares will become the property of the Company and the Directors can dispose of them in any way they decide.

(G) Transfer of shares

Any member may transfer all or any of their certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly-paid share) the transferee, and the transferor will continue to be treated as the holder until the transferee's name is entered in the register.

If a member has failed to give the Company any information required to be given pursuant to a notice issued by the Company under section 793 of the Companies Act 2006 within 14 days of provision of that notice, any transfer of the shares in respect of which the section 793 notice was issued will not be registered, save in limited circumstances.

(H) Meetings

The Articles require that annual general meetings and extraordinary general meetings are called by at least 21 days' notice in writing or in electronic form. A general meeting may be called on a notice period shorter than 21 days, provided this is in accordance with the Companies Act 2006.

The Companies Act 2006 provides that the board of directors has the power to call general meetings, as do Capricorn Shareholders representing at least 5 per cent. of the Company's paid-up voting share capital. By law the Company may call annual general meetings on 21 clear days' notice. By law the Company may call general meetings other than annual general meetings on 14 clear days' notice.

Before a general meeting can start there must be at least two people present who are entitled to vote (Capricorn Shareholders or proxies or both). Every Director is entitled to speak at the general meeting. The Chair is entitled to adjourn a meeting, whether quorate or not, for any reason so that the business of the meeting can be carried out properly and can also adjourn a quorate meeting with the agreement of the meeting. Meetings can be adjourned indefinitely and more than once. A general meeting adjourned for lack of quorum must be held at least ten clear days after the original meeting.

(I) Change of name

The Directors may change the name of the Company by passing a board resolution.

(J) **Directors**

Appointment

The Company must have a minimum of two Directors and a maximum of 14 and the Directors are not required to hold shares in the Company. Directors may be appointed by the Company by ordinary resolution or by the Board. The only people who can be appointed as Directors at a general meeting are those Directors retiring during the meeting, persons recommended by the Directors or persons recommended by the Capricorn Shareholders where the Shareholder is entitled to vote and delivers to the Company notice of his or her intention to recommend the relevant individual along with the individual's consent.

Removal

In addition to any power to remove Directors conferred by legislation, the Company can remove a Director before the end of his or her term in office by passing an ordinary resolution of which special notice has been given.

Retirement

At every annual general meeting of the Company every Director shall retire from office. A retiring director shall be eligible for re-election and a Director who is re-elected shall be treated as continuing in office without a break.

Vacation of office

In addition to the legislative provisions on vacation of a Directors' office, any Director automatically vacates their office as Director if: they resign by writing under their hand left at the office or if they tender their resignation and the Directors resolve to accept the same; they are an employee of the Company or any other undertaking which is the parent undertaking of the Company or a subsidiary undertaking of the Company or any such parent undertaking, they will vacate their office on the date of the termination of their employment with such undertaking (unless their employment is transferred to any other such undertaking); they have a receiving order made against him, become bankrupt, insolvent, execute a trust deed for the benefit of their creditors or compound their creditors generally; a registered medical practitioner gives a written opinion to the Company stating that they have become physically or mentally incapable of acting as Director and may remain so for more than three months and the Directors resolve to vacate their office; by reason of their mental health the court resolves to prevent them from exercising powers they might ordinarily have; they are absent from meetings of Directors for six consecutive months without an alternate director attending in their stead; or they are removed by notice served on them by all co-Directors.

Alternate Directors

Any Director can appoint another person to act as a Director in their place. Where this person is not already a Director, their appointment requires the approval of the majority of Directors.

Remuneration

The total fees paid to (and benefits in kind received by) all of the Directors (excluding any payments made to Executive Directors or under any other provision of the Articles) must not exceed £900,000 a year or such higher sum decided on by ordinary resolution of the Company. Any Director who is appointed to any executive office will be entitled to receive such remuneration (whether as salary, commission, profit share or any other form of remuneration) as the Board or any committee authorised by the Board may decide, either in addition to or in place of his fees as a Director. In addition, any Director who, in the opinion of the Board or any committee authorised by the

Board, performs any special or extra services for the Company (including serving on a committee of the Directors), may be paid such extra remuneration as the Board or any committee authorised by the Board may determine. Each Director may be paid their reasonable travelling, hotel and other expenses of attending and returning from meetings of the Board, of committees of the Board, of the Company or that they otherwise incur in connection with the Company's business. The Company can also, as far as permitted by the legislation, indemnify any Director against any liability incurred as a result of their position as Director of the Company.

Pensions and gratuities for Directors

The Board or any committee authorised by the Board may exercise the powers of the Company to provide benefits either by: (i) the payment of gratuities or pensions or in any other manner for any Director or former Director or their relations or dependents; or (ii) insurance for any Director or former Director.

Permitted interests of Directors

The Directors may authorise any matter which would otherwise involve a Director breaching their duty under the Companies Act 2006 to avoid conflicts of interest. In order to obtain authorisation the Director must inform the Board of the nature and extent of their interest as soon as possible and in sufficient detail. Any Director (including the conflicted Director) may propose this authorisation. In considering this proposal, the conflicted Director will not be entitled to vote and will not count in the quorum and may be excluded from the meeting whilst the decision is taken. Where authority is given, the Board may specify such terms to be imposed on the Director as the Board thinks fit (for example, the conflicted Director may be excluded from the receipt of certain information). The Board may also provide that the Director is not bound to disclose to the Company any information which they come into possession of otherwise than in their role as a Director where disclosure would entail a breach of confidence. The Board may provide that the terms of the authorisation be recorded in writing and any authority given may be varied or revoked at any time.

Where a Director is indirectly or directly interested in a contract with the Company this must be disclosed in accordance with the Companies Act 2006. Where this is the case, the Director may do the following:

- have any kind of interest in a contract with or involving the Company;
- hold any office (except that of auditor) with the Company;
- do paid professional work for the Company;
- become a director of any holding company or subsidiary of the Company; or
- be a director of any other company so long as the appointment cannot reasonably be regarded as giving rise to a conflict of interest.

Restrictions on voting

A Director cannot vote or be counted in the quorum when the Board is considering his appointment to a position within the Company or a company in which Capricorn has an interest. Furthermore, except as mentioned below, no Director may vote on, or be counted in a quorum in relation to, any resolution of the Board in respect of any contract in which he has an interest. A Director can only vote where their interest cannot reasonably be regarded as material or where the only material interest they have in it is included in the following list:

- a resolution about giving them any security or any indemnity for any money which they, or any other person, has lent at the request, or for the benefit, of the Company or any of its subsidiary undertakings;

- a resolution about giving any security or any indemnity to any other person for a debt or obligation which is owed by the Company or any of its subsidiary undertakings, to that other person, if the Director has taken responsibility for some or all of that debt or obligation. The Director can take this responsibility by giving a guarantee, indemnity or security;
- a resolution about any proposal relating to an offer of any shares or debentures or other securities for subscription or purchase by the Company or any of its subsidiary undertakings, if the Director takes part because they are a holder of shares, debentures or other securities, or if they take part in the underwriting or sub-underwriting of the offer;
- a resolution regarding a contract with a company in which the Director has an interest (including where the Director is a director or shareholder of that other company) as long as they do not hold an interest in shares representing one per cent. or more of any class of equity share capital of that company or of the voting rights in that company;
- a resolution relating to a pension fund, superannuation scheme, retirement, death or disability fund where these benefits are provided to employees generally;
- any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which gives him benefits which are also generally given to the employees to whom the arrangement relates; or
- a resolution about any proposal relating to any insurance which the Company can buy and renew for the benefit of the Directors or of a group of people which includes the Directors.

Subject to the provisions of the Companies Act 2006, the Company may by ordinary resolution suspend or relax the above provisions to any extent or ratify any contract which has not been properly authorised in accordance with the above provisions.

Borrowing powers

Subject to the Company's Articles and the Companies Act 2006, the Board may use all the Company's powers to borrow money and to mortgage or charge any of its undertakings, property, assets and uncalled capital, to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Capricorn Group (exclusive of borrowings owing by one member of the Capricorn Group to another member of the Capricorn Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the greater of US\$2 billion and 2.5 times the Company's Adjusted Total Equity (as defined in the Articles). An ordinary resolution seeking the approval of Capricorn Shareholders to exceed this maximum limit, from and as a result of Completion, is included as Resolution 4 in the Notice of General Meeting set out at Part XXII (*Notice of General Meeting*) of this document.

(K) Changes in capital

If recommended by the Board, the Capricorn Shareholders can pass an ordinary resolution to capitalise any sum which is part of the Company's reserves or which the Company is holding as net profits. Unless the ordinary resolution states otherwise, the

Directors may use this sum to either: (i) pay up some or all of any issued shares which have not already been called or paid in advance; or (ii) to pay up in full unissued shares, debentures or other securities of the Company which would then be allotted or distributed, credited as fully paid, to Capricorn Shareholders.

4.9 Settlement of the New Ordinary Shares on the TASE

Application will be made for the admission to listing of the Existing Ordinary Shares and the New Ordinary Shares to the TASE. Whilst it is the Ordinary Shares themselves which shall be listed on the TASE, on Completion, the New Ordinary Shares will settle on the TASE for NewMed Unitholders and the General Partner in the form of beneficial entitlements to the underlying New Ordinary Shares.

Therefore, on Completion, NewMed Unitholders and the General Partner shall beneficially own the New Ordinary Shares. As NewMed is a limited partnership incorporated in Israel with participation units listed on the TASE, certain special arrangements will need to be entered into before and after the Scheme becomes effective in order to facilitate such ownership of the New Ordinary Shares issued for the benefit of NewMed Unitholders and the General Partner pursuant to the Scheme.

Capricorn will apply for the New Ordinary Shares to be admitted to CREST upon Completion, as permitted by the Articles. CREST is a paperless settlement system enabling securities to be transferred and held by electronic means rather than by certificate or written instrument. On Completion, the New Ordinary Shares shall be issued and credited in dematerialised form to the CREST account of Euroclear 2, acting as nominee for Euroclear Bank SA/NV ("**Euroclear Bank**"). Euroclear 2 shall hold legal title to the New Ordinary Shares and the New Ordinary Shares shall be registered in Euroclear 2's name in Capricorn's register of members. Euroclear Bank will create book-entry interests, which will be credited to the securities account of the TASECH held at Euroclear Bank. Each book-entry interest shall represent an entitlement to the relevant underlying New Ordinary Shares.

Each of the NewMed Unitholders (who hold dematerialised Participation Units on the TASE as at the Unitholder Record Date) and the General Partner will have their accounts held at their relevant TASE member credited, by way of book-entry interests, with a beneficial entitlement to the New Ordinary Shares to which they are entitled pursuant to the Combination and in accordance with the terms of the Scheme. Additional arrangements will be entered into in order to credit NewMed Unitholders registered in the Limited Partner's register of unitholders with a beneficial entitlement to the New Ordinary Shares to which they are entitled pursuant to the Combination and in accordance with the terms of the Scheme.

The transfer and settlement of such beneficial title to the New Ordinary Shares will be effected through the TASECH and in accordance with the rules, regulations and by-laws of the TASE and the TASECH. Beneficial ownership of the Ordinary Shares may be held, transferred and settled solely within the TASECH, but (as explained below) such beneficial owners will be able to request the delivery of their underlying Ordinary Shares to a participant in CREST in order to transfer from the TASE to the LSE following Completion. Capricorn Shareholders are strongly recommended to seek their own financial and tax advice before doing so.

Transferring between the LSE and the TASE following Completion

Holders of Ordinary Shares will be able to move between the LSE and the TASE on an ongoing basis following Completion.

It should be noted that transfers of Ordinary Shares from the LSE to the TASE or from the TASE to the LSE, regardless of whether there is a change in beneficial ownership of the Ordinary Shares, may potentially give rise to liability to UK stamp duty or SDRT (including, in the case of transfers to the TASE, at a higher rate of 1.5 per cent.). Capricorn Shareholders wishing to effect a transfer of Ordinary Shares from the LSE to the TASE, or from the TASE to the LSE, following Completion are therefore strongly recommended to refer to the provisions of

paragraph 3 (*Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*) of Section A (*United Kingdom Taxation*) of Part XV (*Taxation*) and to seek their own financial and tax advice before doing so.

Registrar Services

Capricorn has an agreement with the Registrars for the provision of UK registrar services including issuing certificates, if the Ordinary Shares are not held in CREST, providing online access to enable participants to view their shareholdings, processing electronic instructions on their behalf, providing proxy services and processing distributions. For Capricorn Shareholders who hold electronically via a CREST participant, they will be subject to the terms and conditions of that custody relationship which will include collating proxies, transfer and trade instructions and onward payment of any distributions.

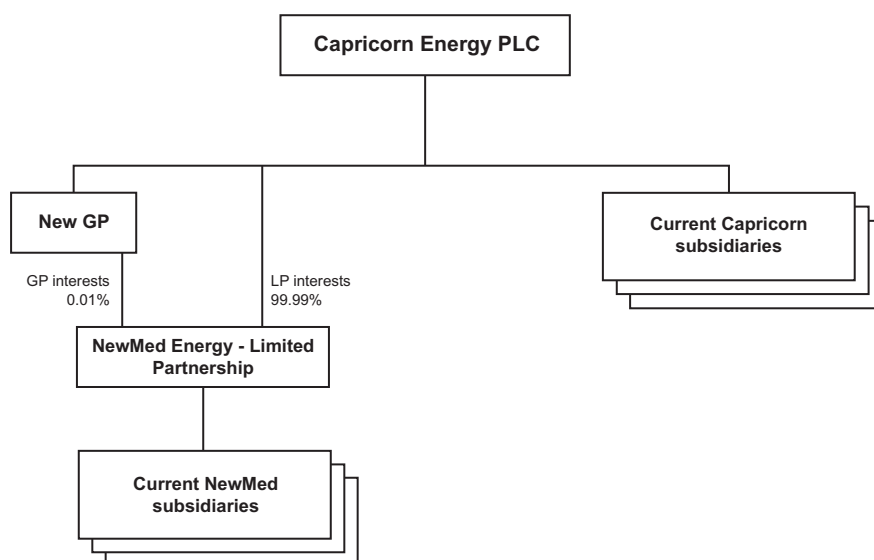
5. Mandatory bids and compulsory acquisition rules relating to the Ordinary Shares

The Company is subject to the Takeover Code. Other than as provided by the Companies Act 2006 and the Takeover Code, there are no rules or provisions relating to mandatory bids and/or squeeze out and sell out rules in relation to Capricorn's Ordinary Shares. There is not in existence any current mandatory takeover bid in relation to the Company.

6. Organisational structure

6.1 Structure of the Combined Group

The organisational chart below provides a simplified illustration of the legal structure of the Combined Group as upon Completion.



6.2 Significant subsidiaries

Capricorn is the parent company of the Capricorn Group.

The following table contains a list of the significant subsidiaries and subsidiary undertakings of the Company, being those which are considered by the Company to be likely to have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses.

Direct Holdings

	Business	Country of incorporation	Country of operation	Registered office address
Cairn UK Holdings Limited	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Energy Investments Limited	Investment	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Oil Limited	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Senegal (Holding) Limited	Holding company	England	Scotland	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP

Indirect Holdings

	Business	Country of incorporation	Country of operation	Registered office address
Agora Oil and Gas (UK) Limited	Exploration	Scotland	UK	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn ISR Production, Limited Partnership	Limited Partnership company	Israel	Israel	Vitania Tel-Aviv Tower, 20 Haharash St. TLV Israel, 6761310
Capricorn Americas Limited	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Côte d'Ivoire Limited	Exploration	Scotland	Côte d'Ivoire	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Egypt (Holding) Limited	Holding company	England	UK	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP
Capricorn Egypt Limited	Exploration	England	UK	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP
Capricorn Energy Holdings Limited	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Energy Mexico S. de R.L. de C.V.	Exploration	Mexico	Mexico	Avenida Paseo de la Reforma 505, Piso 36, Colonia Cuauhtémoc, CP 06500, Ciudad de México
Capricorn Energy Search Limited ²	Exploration	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Energy UK Limited	Exploration	England	UK	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP
Capricorn Exploration and Development Company Limited ²	Exploration	Scotland	Morocco	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Ireland Limited ¹	Exploration	Scotland	Republic of Ireland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Low Carbon Solutions Limited	Carbon trading	England	UK	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP
Capricorn Mauritania Limited	Exploration	Scotland	Mauritania	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Nicaragua BV	Exploration	The Netherlands	Non-trading	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Offshore Exploration Limited	Exploration	Scotland	Israel	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Oil and Gas Tunisia GmbH ²	Non-trading	Switzerland	Non-trading	Gubelstrasse 5, Postfach 1524, CH-6301 Zug, Switzerland
Capricorn Petroleum Limited	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Production (Holdings) Limited	Dormant	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Production I Limited	Dormant	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Production II Limited	Dormant	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Resources Management Limited	Royalty interest	Scotland	Mongolia	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Senegal Limited	Exploration	Scotland	Senegal	50 Lothian Road, Edinburgh, EH3 9BY

	Business	Country of incorporation	Country of operation	Registered office address
Capricorn Spain Limited ²	Exploration	Scotland	Spain	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Suriname BV	Exploration	The Netherlands	Suriname	50 Lothian Road, Edinburgh, EH3 9BY
Nautical Holdings Limited ²	Holding company	England	UK	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP
UAH Limited ²	Holding company	England	UK	Wellington House 4th Floor, 125 The Strand, London, WC2R 0AP

Notes

1 Exempt from audit under Section 480 of the Companies Act

2 Company is in the process of liquidation

6.3 Major shareholders

As at the Latest Practicable Date, Capricorn had received notification from the following major shareholders, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, of their significant holdings of voting rights (three per cent. or more) of Capricorn's issued share capital:

Shareholder	Notified number of Ordinary Shares	Notified percentage of voting rights
Madison Avenue Partners	25,380,902	8.06
Kite Lake Capital Management	23,293,368	7.39
Palliser Capital	21,596,799	6.85
Newtyn Partners	19,064,348	6.05
BlackRock	16,765,359	5.32
Vanguard Group	14,996,549	4.76
Dimensional Fund Advisors	14,134,854	4.49
Societe Generale	13,206,215	4.19
Legal & General Investment Management	12,192,249	3.87
Sand Grove Capital Management	9,791,451	3.11

None of Capricorn's major Capricorn Shareholders set out above has different voting rights from any other holder of Ordinary Shares.

As at the Latest Practicable Date, the Company is not aware of any person who, directly or indirectly, owns or controls the Company, nor is it aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

Immediately following Completion, Delek Group, together with its concert parties, is expected to hold 49.47 per cent. of the total voting rights of the Combined Company⁷⁵. As such Delek Group will be deemed a controlling shareholder of Capricorn and, in compliance with the Listing Rules, has entered into a relationship agreement with the Company (for more detail, please see paragraph 9.1(A) of this Part XVIII (*Additional Information*) below).

7. Material contracts

7.1 Capricorn

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which Capricorn or any member of the Capricorn Group is a party, for the two years immediately preceding the date of publication of this document and a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Capricorn Group which contains any provision

⁷⁵ Subject to the same assumptions as at Note 4 to the table in this document entitled "Issue Statistics".

under which any member of the Capricorn Group has any obligation or entitlement which is material to the Capricorn Group as at the date of this document:

(A) **Business Combination Agreement**

See paragraph 2.5 (*Key terms of the Business Combination Agreement*) of Part I (*Letter from the Chair of Capricorn*) and Part II (*Principal Terms and Conditions of the Combination*) of this document.

(B) **Relationship Agreement**

Immediately following Completion, Delek Energy, Delek Group (through its 100 per cent. direct interest in Delek Energy) and Mr. Tshuva (through his indirect interest in Delek Group) (Delek Energy, Delek Group and Mr. Tshuva together, the “**Principal Shareholders**”), are expected to control approximately 49.47 per cent. of the total voting rights of the Combined Company. Accordingly, each Principal Shareholder will be treated as a “controlling shareholder” of the Combined Company under the Listing Rules.

On 29 September 2022, the Relationship Agreement was entered into between the Company and the Principal Shareholders to comply with the requirement under the Listing Rules for a premium-listed issuer to have in place a written and legally binding agreement with its controlling shareholders containing certain undertakings and, more generally, to regulate the ongoing relationship between the Combined Company and the Principal Shareholders. The key provisions of the Relationship Agreement are conditional upon, and shall come into force on, Readmission and Admission. The principal terms of the Relationship Agreement are summarised below.

(i) *Undertakings*

The Relationship Agreement contains undertakings from the Principal Shareholders that, among other things, they will and will procure that each of their Associates will:

- conduct transactions and arrangements with members of the Combined Group on an arm’s length basis and on normal commercial terms;
- not take any action that would have the effect of preventing the Combined Company from complying with its obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules, the requirements of the LSE, the FSMA, the Financial Services Act 2012, the Market Abuse Regulation or the Takeover Code;
- not propose or procure the proposal of any shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules;
- not exercise any of their voting rights to procure any amendment to the Articles that would breach any provisions of the Relationship Agreement;
- not take any action that would have the effect of influencing the day-to-day running of the Combined Company at an operational level, preventing any member of the Combined Group from carrying on its business independently of the Principal Shareholders or preventing the Combined Company from complying with its obligations under applicable law; and
- for 12 months following Admission, not take any action in support of or make any proposal or request that constitutes controlling, changing or influencing the Board in respect of the business strategy of the Combined Group or seek to remove or appoint any director of the Combined Company (other than as contemplated by the Board appointment rights summarised below).

(ii) Lock-up

The Principal Shareholders have agreed to be subject to a lock-up arrangement pursuant to which they undertake not to, and to procure so far as it is within their power to do so, that their Associates do not, directly or indirectly, dispose of their Ordinary Shares for a period of 12 months from Admission.

Exceptions to the lock-up arrangement include, among others:

- the creation of any legal or equitable security over the Ordinary Shares held by a Principal Shareholder (or any of its Associates) in favour of any bondholder or financial institution;
- any disposal (in whole or in part) of the Ordinary Shares held by a Principal Shareholder (or any of its Associates) in respect of the enforcement of any legal or equitable security granted over such Ordinary Shares by a Principal Shareholder (or any of its Associates);
- disposals in connection with rights issues, takeovers or to Associates who enter into an agreed form deed of adherence; and
- disposals in connection with general offers for the whole of Capricorn's total issued share capital and to any third party acquiring 50 per cent. or more of Capricorn's total issued share capital, in each case in compliance with the Takeover Code.

(iii) Voting commitment

The Principal Shareholders have also agreed that, from Admission until the date falling one day after the Combined Company's 2024 annual general meeting, each Principal Shareholder shall (and shall procure that each of its Associates shall) vote in line with the Board's recommendation on resolutions proposed at an annual general meeting of the Combined Company in respect of: (i) the receipt of the Combined Company's annual report and accounts; (ii) approval of the directors' remuneration report contained within the Combined Company's annual report and accounts; (iii) the appointment or re-appointment (as applicable) of the Combined Company's auditor; (iv) the authorisation of the directors to determine the auditor's remuneration; (v) shortening the notice period required for calling an annual general meeting of the Combined Company; and (vi) approving the declaration of a final dividend.

(iv) Board appointment rights

Delek Group will be entitled to nominate for appointment to the Board:

- two directors (who must be individuals) for as long as Delek Group and its Associates hold, in aggregate, at least 25 per cent. of the Ordinary Shares; and
- one director (who must be an individual) for as long as Delek Group and its Associates hold in aggregate, at least 10 per cent. but less than 25 per cent. of the Ordinary Shares,

and, in each case, to remove such person (and nominate another person in that person's place).

Prior to the nomination for appointment to the Board of any person by Delek Group, Delek Group must consult with the Nomination Committee regarding the identity, reputation, qualifications and suitability of the individual proposed to be appointed. The Combined Company shall procure the appointment of any person duly nominated by Delek Group for appointment to the Board: (i) subject to Delek Group procuring that such person enters into a customary letter of appointment; and (ii) provided that such person's appointment is not objected to by the FCA or the ISA, or prohibited under the Listing Rules or applicable Israeli law or regulation.

In addition, for as long as Delek Group and its Associates hold, in aggregate, not less than 10 per cent. of the Ordinary Shares, Delek Group will be entitled to appoint one observer (who must be a director nominated for appointment by Delek Group) to attend and participate in discussions at Remuneration Committee and Audit Committee meetings.

The Company may immediately terminate the appointment of a director nominated by Delek Group if the director is: (i) disqualified by applicable law from acting as director of a company; (ii) required to vacate his or her office in accordance with the Articles; (iii) removed from office by Capricorn Shareholders pursuant to the Companies Act 2006; (iv) not re-elected at the annual general meeting of the Combined Company; or (v) found to have committed a material breach of his or her duties to the Combined Company or the terms of his or her letter of appointment.

(v) Provision of information and confidentiality

Subject to compliance by the Combined Company with all applicable law and regulation, each Principal Shareholder and its Associates have the right to be supplied with financial or other information in relation to the Combined Group provided that any such information is required for the purpose of completing a tax return or compulsory filing or to comply with any other applicable law or regulation. Any information relating to the Combined Group provided to a Principal Shareholder or its Associates in accordance with these provisions will be subject to customary confidentiality obligations contained in the Relationship Agreement.

(vi) Termination

Subject to certain exceptions, the Relationship Agreement will terminate upon the earlier of:

- the Ordinary Shares ceasing to be listed on the premium listing segment of the Official List and admitted to trading on the main market for listed securities of the LSE; and
- the Principal Shareholders (together with their respective Associates) ceasing to hold or control, in aggregate, 10 per cent. or more of the Ordinary Shares.

(C) Delek Voting Undertaking

See paragraph 7.2(A) of this Part XVIII (*Additional Information*) of this document.

(D) Sponsor's Agreement

In connection with the Combination, the Company and the Sponsor entered into a sponsor's agreement on or around the date of this document (the "**Sponsor's Agreement**"), pursuant to which the Company appointed the Sponsor as sponsor in connection with the Combination, the production and publication of this document and Admission, and the Sponsor accepted such appointment.

Under the Sponsor's Agreement, the Sponsor has been granted all powers, authorities and discretions which are necessary for or incidental to the performance of their responsibilities as sponsor under the Listing Rules. The Company has agreed to deliver certain documents to the Sponsor relating to the Combination, this document and the Sponsor's responsibilities under the Listing Rules. The Company has given customary representations, warranties (including certain warranties in respect of the NewMed Group), undertakings and indemnities to the Sponsor.

The Sponsor has the right to terminate the Sponsor's Agreement in certain circumstances prior to Admission. These circumstances include (amongst others): (i) where any statement in this document and certain associated documents and announcements has become or is discovered to be untrue, inaccurate or misleading in a manner which the Sponsor considers (acting in good faith) is material in the context of the Combined Group, Admission, the

Combination of this document and certain associated documents and announcements; and (ii) the breach by the Company of any of the warranties or undertakings contained in the Sponsor's Agreement.

(E) **Catcher/Kraken Sale and Purchase Agreement**

On 29 October 2021, Capricorn Energy UK Limited (previously known as Nautical Petroleum Limited) and Waldorf Production Limited ("**WPL**") entered into the Catcher/Kraken sale and purchase agreement ("**Catcher/Kraken SPA**").

The consideration under the agreement was: (i) an initial cash consideration of US\$425 million, subject to adjustments for working capital and other customary interim period adjustments from the economic effective date of 1 January 2020; (ii) further purchaser bonds of US\$30 million, sold shortly after completion; and (iii) additional contingent consideration dependent on oil prices from 2021 to the end of 2025 and minimum production levels being achieved.

The amount of any additional contingent consideration payable in respect of any year will be equal to the amount by which the average daily Brent price for that year exceeds US\$52/bbl, multiplied by the number of barrels of production in that year in relation to the sale interest multiplied by a percentage rate set for each year (and also subject to a minimum production threshold for each year being satisfied). On 30 June 2022, Capricorn received US\$75.7 million, excluding interest, from Waldorf in respect of the contingent consideration due for 2021.

At 30 December 2022, the fair value of 2022-2025 earn-out consideration was valued at US\$205 million. This is a reduction from the US\$240.9 million as at 30 June 2022 presented in the Capricorn Group H1 2022 Restated Financial Statements, as a result of the impact of lower oil prices since the valuation in the H1 2022 Restated Financial Statements. Approximately US\$120 million of the fair value of the earn-out consideration is expected to be payable at the end of March 2023.

Both parties have given customary warranties to the other under the Catcher/Kraken SPA. Nautical Petroleum's liability under the warranties given by it under the Catcher/Kraken SPA is subject to certain customary limitations and exclusions.

The Catcher/Kraken SPA is governed by the law of England and Wales and the parties have irrevocably submitted to the exclusive jurisdiction of the English courts. Completion took place on 2 November 2021.

(F) **Egypt SPA**

On 8 March 2021, Capricorn Egypt Limited and Cheiron Oil & Gas Limited, together with certain of Cheiron Energy's subsidiaries (the "**Egypt Buyers**"), entered into a conditional sale and purchase agreement (the "**Egypt SPA**") to acquire the Egypt Concessions from the Shell Sellers (the "**Egypt Acquisition**") for a purchase price of approximately US\$646 million (approximately US\$323 million net to Capricorn), as adjusted for working capital and other customary adjustments between the economic effective date of 1 January 2020 and the completion date, with additional contingent consideration of up to US\$280 million (US\$140 million net to Capricorn) if certain requirements are met.

There may also be a contingent consideration of US\$140 million (net) payable to Capricorn if certain requirements are met. This consists of:

- up to US\$100 million (net) is payable to the Company between 2021 and 2024, in four instalments (of up to US\$25 million per annum (gross)), subject to average annual dated Brent price being equal to or above US\$55/bbl in each of 2021, 2022, 2023 and 2024, with a full pay-out being achieved at US\$75/bbl or above in each year, based on a linear scale; and

- up to US\$40 million (net) is payable to Capricorn based on the amount of commercially recoverable liquid hydrocarbons discovered in the first nine exploration wells drilled (calculated as US\$0.40 per barrel of independently audited 2P reserves).

US\$20.9 million was payable in respect of 2021 by the Company (in respect of oil price payment).

The Egypt SPA contains customary warranties and indemnities for a transaction of this nature. Capricorn Oil Limited has agreed to guarantee Capricorn Egypt Limited's and its affiliate's respective obligations under the Egypt SPA and any other document entered into by the parties in connection with the Egypt SPA and Egypt Acquisition. Cheiron Holdings Egypt Limited has agreed to guarantee Cheiron Oil & Gas Limited's and its affiliate's respective obligations. The guarantors are jointly and severally liable for any joint and several obligations of the Egypt Buyers, and are liable on a several basis in respect of several obligations of the Egypt Buyers.

The governing law of the Egypt SPA is the law of England and Wales and any dispute relating to the Egypt SPA shall be settled, in London, under the Rules of Arbitration of the London Court of International Arbitration.

The acquisition completed on 24 September 2021 after receiving the formal consent of the Minister of Petroleum and Mineral Resources.

(G) **Egypt JMA**

On 8 March 2021, Capricorn Egypt Limited, Capricorn Oil Limited and certain subsidiaries of Cheiron Energy entered into a joint management agreement (the "**JMA**") in connection with the Egypt Acquisition.

The JMA regulates the relationship between the members of the consortium formed between the Capricorn Group and members of the Cheiron Energy group on 17 January 2020 for the purposes of the Egypt Acquisition (the "**Egypt Consortium**"), including in relation to governance (including appointees by each party to the board of directors of Bapetco and the various operating companies, voting rights and decision-making powers) and financial management matters required in respect of the Capricorn Acquisition Senior RBL Facility and Junior Debt Facility (including balancing and true-up mechanisms).

The JMA includes cross-indemnification provisions in respect of any liability borne by a party in excess of their 50 per cent. interest which is included pursuant to the Egypt SPA, the Capricorn Acquisition Senior RBL Facility or the Junior Debt Facility. The JMA also includes provisions for the resolution of any deadlock in a form that is customary for this type of agreement.

(H) **Junior Debt Facility**

On 24 June 2021, Capricorn Egypt Limited and Cheiron Oil & Gas Limited (in capacity as borrowers (the "**Junior Debt Borrowers**") and as joint and several guarantors) entered into a US\$80 million subordinated term loan facility agreement (the "**Junior Debt Facility**") with Deutsche Bank AG, Amsterdam Branch and Trafigura Ventures V B.V. as lenders (the "**Junior Debt Lenders**"), for the acquisition by the Junior Debt Borrowers of the Egypt Concessions.

The Junior Debt Facility is divided into two separate tranches, pursuant to which the Junior Debt Lenders make available up to US\$40 million to Capricorn Egypt Limited and up to US\$40 million available to Cheiron Oil & Gas Limited. The maximum available amount is the lower of: US\$80 million and the borrowing base amount. The facility amount available to the Junior Debt Borrowers will reduce on an annual basis (in accordance with the terms of a reduction schedule and subject to cash sweep requirements) (the date from which such reduction is made being the "**Junior Debt Facility Reduction Date**") following a grace period of four years (subject to being limited by available distributions) from 24 September 2021 (the

“Egypt Closing Date”). The Junior Debt Borrowers are to repay outstanding loan amounts both by minimum amounts on the first date of certain specified periods in accordance with a minimum repayment schedule and by way of a cash sweep mechanism whereby 60 per cent. of distributable cash under the senior facility are repaid. The outstanding loan amounts under each tranche shall be immediately repaid to the extent required for them to not exceed the total commitment and the borrowing base amount. The borrowing base amount is determined using the Banking Case (as defined below) submitted under the Capricorn Acquisition Senior RBL Facility, but with different assumptions based around 2P reserves and more generous cover ratios.

The facility is to be applied: (i) towards payment of the consideration, fees, costs and expenses associated with the intended acquisition; and (ii) to other agreed general corporate purposes. The Junior Debt Facility matures on the date falling seven years after the Egypt Closing Date (unless a reserves threshold is met prior to this date).

The interest payable on the Junior Debt Facility is the aggregate of LIBOR (or the applicable reference bank rate for US\$ after the discontinuation of LIBOR) and:

- 7.50 per cent. per annum from and including the Egypt Closing Date to (but excluding) the day before the third anniversary of the Egypt Closing Date (the **“Junior Debt Facility Relevant Date”**);
- 8.50 per cent. per annum from and including the Junior Debt Facility Relevant Date to (but excluding) the day before the fifth anniversary of the Egypt Closing Date; and
- 10.00 per cent. thereafter.

However, if the amount outstanding on the Junior Debt Facility Reduction Date is US\$10 million less than the facility amount made available to each Junior Debt Borrower during that period (in accordance with a reduction schedule), and there is no event of default under the Junior Debt Facility, the applicable interest rate will be reduced by 1.00 per cent. until the next Junior Debt Facility Reduction Date.

The Junior Debt Facility contains customary representations, undertakings, covenants and events of default, substantially in line with the Capricorn Acquisition Senior RBL Facility (including the redetermination and liquidity tests relating to each Banking Case submitted under the Capricorn Acquisition Senior RBL Facility). In addition, the Junior Debt Facility contains two subordinated debt covenants, tested in line with the Banking Cases submitted under the Capricorn Acquisition Senior RBL Facility, namely: (i) a field life cover ratio of 1.25 or more, and (ii) a loan life cover ratio of 1.1 or more. Non-compliance by the Junior Debt Borrowers with its obligations under the Junior Debt Facility triggers a cash sweep of all cash flows available for distribution after the Capricorn Acquisition Senior RBL Facility debt amortisation. The Combination will not be classified as a change of control event under the terms of the Junior Debt Facility.

As at 30 November 2022, the amount outstanding under the Junior Debt Facility was US\$40 million and the interest outstanding on the facility amounted to approximately US\$780,000 (the facility having been rolled over on the previous day), in each case in relation to Capricorn Egypt Limited.

The Junior Debt Facility is governed by the laws of England and Wales. The courts of England have exclusive jurisdiction to settle any dispute which arises relating to the Junior Debt Facility.

(I) **Capricorn Acquisition Senior RBL Facility**

On 24 June 2021 Capricorn Egypt Limited and Cheiron Oil & Gas Limited (in capacity as original borrowers (the **“Capricorn Acquisition Senior RBL Borrowers”**) and as original guarantors) entered into a US\$325 million senior secured reducing revolving facility agreement

(the “**Capricorn Acquisition Senior RBL Facility**”) with Société Générale, APRICORP (Arab Petroleum Investments Corporation), Mashreqbank psc, Nedbank Ltd, Africa Export-Import Bank (Afrexium), The Mauritius Commercial Bank, Deutsche Bank AG, Trafigura Ventures V B.V and BP Oil International Ltd (the “**Capricorn Acquisition Senior RBL Lenders**”) to finance the acquisition of the Egypt Concessions.

The Capricorn Acquisition Senior RBL Facility is divided into two separate tranches, pursuant to which the Capricorn Acquisition Senior RBL Lenders make available up to US\$162.5 million to Capricorn Egypt Limited and up to US\$162.5 million available to Cheiron Oil & Gas Limited. The facility commitment amount available to the Capricorn Acquisition Senior RBL Borrowers will reduce on a semi-annual basis (in accordance with the terms of a reduction schedule) following the first reduction date falling on the date 12 months after the Egypt Closing Date. The outstanding loan amounts under each tranche shall be immediately repaid to the extent required for them to not exceed the total commitment or the applicable borrowing base amount.

The Capricorn Acquisition Senior RBL Facility has an accordion mechanism that will allow each Capricorn Acquisition Senior RBL Borrower to borrow across each tranche up to US\$200 million in aggregate (subject to the reduction mechanism described above). The accordion can only be utilised three times and the Capricorn Acquisition Senior RBL Borrowers are to submit any utilisation request for the accordion facility within three years of the Egypt Closing Date. The reduction schedule will be increased by the accordion commitments and reduced in line with the existing amortisation schedule.

The interest payable on the Capricorn Acquisition Senior RBL Facility is the aggregate of LIBOR (or the applicable reference bank rate for US\$ after the discontinuation of LIBOR) and:

- 5.00 per cent. per annum from and including the Egypt Closing Date to (but excluding) the day before the second anniversary of the Egypt Closing Date (the “**Capricorn Acquisition Senior RBL Facility Relevant Date**”);
- 5.50 per cent. per annum from and including the Capricorn Acquisition Senior RBL Facility Relevant Date to (but excluding) the day before the fourth anniversary of the Egypt Closing Date; and
- 6.00 per cent. per annum thereafter.

The Capricorn Acquisition Senior RBL Borrowers may request the addition of other oil and gas producing assets at a later stage subject to approval of Majority Lenders and customary conditions precedents, including approval of an updated projection. For any asset to be added as a borrowing base asset that is located outside of Egypt, the affirmative consent of at least 80 per cent. of the Capricorn Acquisition Senior RBL Lenders shall be required. The Capricorn Acquisition Senior RBL Facility matures on the date falling five years after the Egypt Closing Date (unless a reserves threshold is met prior to this date).

The Capricorn Acquisition Senior RBL Facility contains customary representations, undertakings, non-financial covenants and events of default with appropriate carve-outs and materiality thresholds, where relevant. These include change of control provisions and a bi-annual redetermination of the borrowing base amount by adopting a new banking case (a “**Banking Case**”). In order for Capricorn Egypt Limited to be able to make distributions, the Banking Case must show a minimum debt-service coverage ratio of 1.25:1 and satisfy a twelve-month forward-looking liquidity test, tested bi-annually. Certain fees are payable to the finance parties in connection with the Capricorn Acquisition Senior RBL Facility, such as upfront fees, commitment fees and ticking fees. The Combination will not be classified as a change of control event under the terms of the Capricorn Acquisition Senior RBL Facility.

As is customary for this type of facility, the Banking Case is redetermined bi-annually on 31 March and 30 September each year until maturity, using the latest technical and economic assumptions agreed with Société Générale as technical bank. Additional updates of the

Banking Case are required where: (i) Société Générale (in its capacity as technical bank) or a majority of the Capricorn Acquisition Senior RBL Lenders request it; (ii) a Capricorn Acquisition Senior RBL Borrower (or, in the case of the Junior Debt Facility, a Junior Debt Borrower) requests for one to be produced; or (iii) a Junior Debt Borrower requests for the total commitments under the Junior Debt Facility to be increased or where an asset ceases to be a borrowing base asset. Only one request can be made under each of (i) and (ii) every six months, for each of the Capricorn Acquisition Senior RBL Facility or the Junior Debt Facility.

As at 30 November 2022, the amount outstanding under the Capricorn Acquisition Senior RBL Facility was US\$120 million and the interest outstanding on the facility amounted to approximately US\$972,000 (the facility having been rolled over on the previous day), in each case in relation to Capricorn Egypt Limited.

The Capricorn Acquisition Senior RBL Facility is governed by English law. The courts of England have exclusive jurisdiction to settle any dispute which arises relating to the Capricorn Acquisition Senior RBL Facility.

(J) **Senegal SPA**

On 4 September 2020, a sale and purchase agreement was entered into by and between Capricorn Senegal, Woodside Energy (Senegal) B.V. ("**Woodside**") and Capricorn (the "**Senegal SPA**"), pursuant to which Capricorn Senegal conditionally agreed to sell to Woodside Capricorn Senegal's undivided legal and beneficial interest in the RSSD PSC and a corresponding proportion of the legal and beneficial right, title and interest in and under the RSSD JOA (the "**Senegal Sale Interests**") on the following key terms:

- the Capricorn Group received base consideration of US\$300 million in cash at completion for the Senegal Sale Interests, together with an interim period adjustment for expenditure related to the Senegal Sale Interests from the economic date of 1 January 2020;
- in addition, after completion the Capricorn Group may become entitled to an additional payment from Woodside depending on the timing of first oil from Sangomar development and the Average Brent Price during the 180 days after first oil. If First Oil, as defined in the Senegal SPA, occurs:
 - on or before 31 December 2023 Woodside will pay in cash to the Capricorn Group:
 - US\$100 million if the Average Brent Price during the 180 days after First Oil is above US\$60 per barrel; or
 - US\$50 million if the Average Brent Price during the 180 days after First Oil is above US\$55 per barrel but less than or equal to US\$60 per barrel; or
 - in the first half of 2024 Woodside will pay in cash to the Capricorn Group:
 - US\$50 million if the Average Brent Price during the 180 days after First Oil is above US\$60 per barrel; or
 - US\$25 million if the Average Brent Price during the 180 days after First Oil is above US\$55 per barrel but less than or equal to US\$60 per barrel.

In either case, no additional payment will be due from Woodside if the Average Brent Price during the 180 days after first oil is less than or equal to US\$55 per barrel.

Woodside has recently revised its start-up guidance for first production to "late 2023", which increases the risk that the contingent receivable is reduced from US\$100 million to US\$50 million or less. The contingent receivable currently has a risked value of US\$57 million, which is a decrease from US\$73 million at H1 2022, due to an increased risk of delay.

Capricorn Senegal gave certain customary warranties in connection with the disposal of the Senegal Sale Interests. Completion under the Senegal SPA took place on 17 December 2020.

The Senegal SPA is governed by English law. The Senegal SPA provides that any dispute under the agreement shall be resolved by arbitration in London pursuant to the London Court of International Arbitration Rules.

(K) Capricorn surety arrangements

A deed of indemnity was entered into between Capricorn Oil Limited ("**Capricorn Oil**") and Liberty Mutual Insurance Europe SE ("**Liberty**") dated 1 March 2022 pursuant to which Liberty, as surety, has agreed to consider, on an uncommitted basis, requests to issue, procure or participate in guarantees required to be put in place by Capricorn Oil or any member of the Capricorn Group. In respect of Liberty issuing any guarantee on behalf of the Capricorn Group, Capricorn Oil shall indemnify Liberty from and against all losses incurred or sustained by Liberty in connection with any such guarantee. The two guarantees in place are in relation to: (i) Block 9 in Mexico for an amount of US\$22,912,500 (expiring on 15 July 2023); and (ii) Block 7 in Mexico for an amount of US\$17,572,500 (expiring on 11 October 2023). The maximum aggregate liability of Capricorn Oil under the deed of indemnity shall be limited to an amount equal to the aggregate of the guarantee amounts under all outstanding guarantees at any time plus 5 per cent.

In addition to the above surety arrangements, Capricorn has other financial guarantee commitments which it has entered into in the ordinary course of business, relating to its other interests in Mexico, as well as its operations in Egypt and Mauritania. Such other commitments, along with the surety arrangements described above, together amount to US\$69 million.

(L) Kraken PCG

The Company is the guarantor (pursuant to a deed of guarantee and indemnity dated 26 October 2021 (the "**Kraken PCG**")) of the payment obligations of Capricorn North Sea Limited ("**CNS**") and of Waldorf Production UK Limited ("**WPUK**") under a bareboat charter dated 20 December 2013 (the "**BBC**") originally made between Armada Kraken PTE Ltd., EnQuest Heather Limited, EnQuest ENS Limited, First Oil and Gas Limited, CEUK and Nautical Petroleum AG (as variously novated and amended). The BBC is in respect of a floating, production, storage and offloading vessel operated in respect of the producing Kraken oil field in the North Sea.

The Capricorn Group sold its entire shareholding in CNS (the company which held, among other things, the Capricorn Group's interests in the Kraken oil field) to WPUK pursuant to a sale and purchase agreement dated 29 October 2021 between CEUK and **WPL**, and subsequent novation agreement with WPUK dated 2 November 2021. Accordingly, CNS now forms part of the WPL group of companies.

The Company's maximum liability under the Kraken PCG reduces over time, as follows: (a) in respect of the period ended 19 July 2023, US\$147.5 million; (b) in respect of the period ended 19 June 2024, US\$97.3 million; and (c) in respect of the period ended 1 April 2025, US\$64.8 million. The Company's obligations under that guarantee and indemnity will expire at 23:59 (London time) on 1 April 2025.

Further, in connection with the sale by the Capricorn Group of CNS to WPL and the entry by the Company into the Kraken PCG, Waldorf Energy Partners Limited ("**WEP**") (the parent company of WPL) entered into: (i) a deed of counter-indemnity dated 2 November 2021 pursuant to which WEP agreed to fully indemnify the Company against any claims made or liabilities incurred by the Company under the Kraken PCG; and (ii) a cash escrow agreement with The Law Debenture Trust Corporation plc ("**Escrow Agent**") in relation to US\$48 million of cash collateral to be held in an escrow account by the Escrow Agent in security for any claims made by the Company under the deed of counter-indemnity.

(M) **Working Capital Facility Term Sheet**

Capricorn has entered into an indicative non-binding term sheet with a leading oil and gas lender for a US\$75 million senior secured working capital facility. Negotiations are ongoing with a view to entering into the facility in Q1 2023.

7.2 NewMed Group

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which NewMed or any member of the NewMed Group is a party, for the two years immediately preceding the date of publication of this document and a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the NewMed Group which contains any provision under which any member of the NewMed Group has any obligation or entitlement which is material to the NewMed Group as at the date of this document:

(A) **Delek Voting Undertaking**

On 29 September 2022, Delek Group entered into an irrevocable undertaking in favour of NewMed and Capricorn in connection with the exercise of its voting rights in respect of the Scheme (the “**Delek Voting Undertaking**”).

Under the terms of the Delek Voting Undertaking, among other things, Delek Group irrevocably undertakes that it shall, and shall procure that each of its relevant subsidiaries shall, exercise all voting rights attaching to: (i) the 635,998,471 Participation Units controlled by Delek Group as at the date of the Delek Voting Undertaking (“**Delek Participation Units**”); and (ii) any additional Participation Units which come into the control of Delek Group or its subsidiaries (“**Further Participation Units**”), to vote in favour of the Scheme (and any other resolutions ancillary or incidental thereto) proposed at any general meeting of the NewMed Unitholders convened and held in connection with the Scheme. As at the Latest Practicable Date, the Participation Units which Delek Group has committed amount to 54.18% per cent. of NewMed’s total issued Participation Units.

The above undertaking was given subject to the receipt of any such approvals as may be required for the release of any pledges attaching to the Delek Participation Units and Further Participation Units.

The Delek Voting Undertaking also contains a standstill provision pursuant to which, Delek Group undertakes that:

- (i) neither it, nor any person acting in concert with it, shall acquire additional Participation Units; and
- (ii) neither it, nor any person acting in concert with it (excluding NewMed and its subsidiary undertakings) shall acquire Ordinary Shares,

in each case, in an amount that would cause Delek Group and any person acting in concert with Delek Group to, immediately following Completion, hold greater than 50 per cent. of the aggregate number of Ordinary Shares in issue at such time.

The Delek Voting Undertaking shall automatically lapse upon the earlier of: (i) the termination of the Business Combination Agreement; and (ii) the Longstop Date.

The Delek Voting Undertaking is governed by the laws of Israel.

(B) Principal Leviathan Project documents

(i) Leviathan Leases

See paragraph 5.3(A) of Part VI (*Information on the NewMed Group*).

(ii) Leviathan Transmission Licence

See paragraph 5.3(A)(xv) of Part VI (*Information on the NewMed Group*).

(iii) Guarantees

See paragraph 5.3(A)(viii) of Part VI (*Information on the NewMed Group*).

(iv) Leviathan Joint Operating Agreement

See paragraph 5.3(A)(xvii) of Part VI (*Information on the NewMed Group*).

(C) Offtake agreements

(i) Domestic Offtake Agreements

See paragraph 5.6 of Part VI (*Information on the NewMed Group*).

(ii) Export Agreements

See paragraph 5.8 of Part VI (*Information on the NewMed Group*).

(D) Principal Aphrodite project documents

(i) Aphrodite Production Sharing Contract

See paragraph 5.10(A) of Part VI (*Information on the NewMed Group*).

(ii) Aphrodite Joint Operating Agreement

See paragraph 5.10(B) of Part VI (*Information on the NewMed Group*).

(E) The Royalties Agreements

See paragraph 7.4 (*The Royalties Agreements*) of Part VI (*Information on the NewMed Group*).

(F) Principal Karish and Tanin Royalties

The agreement for the sale of Karish and Tanin Leases to Energean. See paragraph 5.11(C) (*Other Oil and Gas Assets - Karish and Tanin Royalties*), of Part VI (*Information on the NewMed Group*).

(G) Leviathan Bonds Indenture

The indenture governing the Leviathan Bonds (the “**Leviathan Bonds Indenture**”) includes certain affirmative and negative covenants in favour of HSBC Bank USA, National Association, as trustee, on behalf of the holders of the Leviathan Bonds, with which Leviathan Bond Ltd., a wholly-owned subsidiary of NewMed, is obligated to comply under the Leviathan Bonds Indenture until all amounts and other obligations due under the Leviathan Bonds Indenture, the Sponsor Loan Agreement, the Sponsor Notes (each as defined below) and the Leviathan Bonds are indefeasibly paid or satisfied in full.

These covenants include, amongst others, and subject to the exceptions and terms contained in the Leviathan Bonds Indenture: (1) the obligation to pay the principal of, make-whole premium (if any), interest and additional amounts (if any) on, and other amounts due in respect of the Leviathan Bonds when due; (2) preserve and maintain good title to its properties, including the collateral securing the Leviathan Bonds; (3) maintain the listing of the Leviathan Bonds on the TACT-Institutional for so long as the Leviathan Bonds remain outstanding; and (4) certain limitations as to the incurrence of indebtedness, the creation of liens, the making of investments, the entering into transactions with affiliates and the conduct of business. In particular, Leviathan Bond Ltd. shall not incur any indebtedness except for (i) the Leviathan Bonds and (ii) indebtedness having the same ranking as the Leviathan Bonds that is secured by the same collateral securing the Leviathan Bonds on an equal and rateable basis with the Leviathan Bonds that at the time of incurrence meets certain conditions provided for in the Leviathan Bonds Indenture, including that in no event shall the aggregate amount of such indebtedness, including the Leviathan Bonds, exceed US\$2.5 billion.

The Leviathan Bonds Indenture also sets forth certain events that constitute an event of default under the Leviathan Bonds Indenture, including, among others, and subject to the terms thereto, (1) the failure to pay any amounts due under the Leviathan Bonds; (2) the failure to pay any cost, charge or other sum due and payable under Leviathan Bond Ltd.'s existing financing documents; (3) any representation or warranty made under the Leviathan Bond Ltd.'s existing financing documents or a statement in any certificate or document furnished in connection thereto being untrue or misleading in any material respect as of the time made that fails to be cured for 30 or more days since the day it becomes known; (4) failure to perform the covenants contained in the Leviathan Bonds Indenture or Leviathan Bond Ltd.'s financing documents; (5) certain events involving Leviathan Bond Ltd.'s bankruptcy, insolvency, liquidation, receivership or similar reorganisation, and an event as aforesaid of a party to material Offtake Agreements, the operator in the Leviathan Project or NewMed (subject to certain conditions and qualifications); or (6) an event of default under the Sponsor Loan Agreement.

The Leviathan Bonds Indenture and the Leviathan Bonds are governed by the laws of the State of New York.

(H) Leviathan Sponsor Loan Agreement

Pursuant to the loan agreement among Leviathan Bond Ltd., NewMed and HSBC Bank USA, National Association, as trustee (the "**Sponsor Loan Agreement**"), on 18 August 2020, Leviathan Bond Ltd. made loans to NewMed in amounts equal to the gross principal amount of each series of Leviathan Bonds (the "**Sponsor Loans**") totalling US\$2.25 billion. NewMed issued a promissory note with respect to each of the Sponsor Loans (referred to herein as the "**Sponsor Notes**"), payable to Leviathan Bond Ltd., in a principal amount equal to such Sponsor Loans, and with an interest rate, interest payment dates and maturity date identical to those applicable to the corresponding series of Leviathan Bonds.

The NewMed Group will prepay (or be deemed to have prepaid) the Sponsor Loans in accordance with the terms of the Sponsor Loan Agreement in an aggregate amount equal to the redemption price and make-whole premium (if any) or other amount payable on the corresponding series of Leviathan Bonds at such times as may be required to enable Leviathan Bond Ltd. to comply with its obligations to redeem, purchase, repay or prepay the corresponding series of Leviathan Bonds pursuant to the Leviathan Bonds Indenture, as and to the extent the Leviathan Bonds are required to be redeemed, purchased, repaid or prepaid.

The Sponsor Loan Agreement contains certain covenants with which the NewMed Group is obligated to comply, including, among others, and subject to the exceptions and terms contained in the Sponsor Loan Agreement: (1) the obligation to pay or cause to be paid the principal of, make-whole premium (if any), interest on, additional amounts (if any), and other amounts due in respect of, the Sponsor Notes; (2) the continued operation of the Leviathan Project; (3) compliance with governmental approvals; (4) the preservation and maintenance of good and valid beneficial title to the collateral granted pursuant to the Sponsor Loan

Agreement; (5) certain limitations as to the incurrence of indebtedness or the creation of liens; or (6) the obligation not to reduce its participating interest in the Leviathan JOA. In particular, with respect to the limitations to incur additional indebtedness, the Sponsor Loan Agreement provides that NewMed shall not incur, or permit any of its affiliates to incur, any indebtedness secured by the same collateral as the Sponsor Loan Agreement or the Leviathan Bonds except for the Leviathan Bonds, the Sponsor Loan Agreement or indebtedness having the same ranking as the Leviathan Bonds that is secured by the same collateral securing the Leviathan Bonds on an equal and rateable basis with the Leviathan Bonds.

The Sponsor Loan Agreement also sets forth certain events that constitute an event of default under the Sponsor Loan Agreement, including, among others, and subject to the terms thereto, (1) the failure to make any payment on any of the Sponsor Notes when the same becomes due and payable; (2) the failure to pay any cost, charge or other sum due under any of the NewMed Group's existing financing documents; (3) any representation or warranty made by the NewMed Group in any of its financing documents being untrue or misleading in any material respect; (4) the failure to perform or observe the covenants included in the Sponsor Loan Agreement; (5) certain events involving the NewMed Group's bankruptcy, insolvency, liquidation, receivership or similar reorganisation; or (6) an event of default under the Leviathan Bonds Indenture.

The Sponsor Loan Agreement and the Sponsor Notes are governed by the laws of the State of New York.

(I) **First Tamar Sale Agreement**

In accordance with the provisions of the Gas Framework, on 2 July 2017, a sale and purchase agreement was signed by NewMed and Tamar Petroleum Ltd, pursuant to which Tamar Petroleum Ltd. purchased a 9.25 per cent. interest in the I/12 Tamar and I/13 Dalit leases (the "**Tamar and Dalit Leases**") from NewMed, for a total of approx. US\$837 million in cash and the allotment of 19,990,000 ordinary shares of ILS 0.1 par value of Tamar Petroleum Ltd. to NewMed (the "**First Tamar Sale Agreement**"). The First Tamar Sale Agreement closed on 20 July 2017. The purchased assets include NewMed's interests in 9.25 per cent. of the Tamar and Dalit Leases, together with NewMed's share in the Tamar 10-Inch Pipeline Ltd, and NewMed's rights and undertakings in the joint operating agreement that applies to the Tamar and Dalit Leases, the agreement for use of the Yam Tethys facilities (in relation to NewMed's share as a holder of interests in the Tamar Lease), the agreements for the sale of natural gas and condensate from the Tamar Lease and the agreements for the export of natural gas.

Under the First Tamar Sale Agreement, NewMed shall remain responsible for certain liabilities, including, *inter alia*, the motion for certification of a class action that was filed by an IEC consumer against the Tamar Partners, with respect to the amounts that were received by NewMed during the period before the effective date (1 July 2017); liabilities for taxes and royalties to the State of Israel with respect to the period before the effective date, or with respect to any profit, income or revenue of NewMed in connection with the purchased assets (including if the relevant tax assessment was made after the effective date), except for taxes that relate to reports that were filed before the effective date to the Israeli tax authorities with respect to the taxation of profits; liabilities for taxes which apply to NewMed in connection with the transfer of the purchased assets to Tamar Petroleum Ltd; and liabilities to NewMed's suppliers or customers under the purchased assets which relate to the period until the effective date, except if provisions were made for such liabilities in Tamar Petroleum Ltd.'s financial statements.

On 5 May 2021, the transaction for the sale of NewMed's entire rights of 22.6 per cent. in Tamar Petroleum Ltd. to a third party was closed, in an off-exchange sale for the sum total of approximately ILS 100 million.

(J) **Second Tamar Sale Agreement**

In accordance with the provisions of the Gas Framework, on 2 September 2021, NewMed entered into an agreement for the sale of NewMed's remaining 22 per cent. interest in the Tamar and Dalit Leases to Tamar Investment 1 RSC Limited and Tamar Investment 2 RSC Limited (the "**Tamar Purchasers**" and the "**Second Tamar Sale Agreement**", as applicable), for a total consideration of approximately US\$969 million. On 9 December 2021, the transaction closed.

A summary of the Second Tamar Agreement is set out below:

- The purchased assets include NewMed's 22 per cent. interest in the Tamar and Dalit Leases, together with NewMed's share in Tamar 10-Inch Pipeline Ltd., the rights and obligations of NewMed under a joint operating agreement relating to the Tamar and Dalit Leases, the agreement for the use of the Yam Tethys facilities (relating to NewMed's share in the Tamar Lease), agreements for the sale of natural gas and condensate from the Tamar Lease, agreements for natural gas export (including the agreements associated with the export agreements and export approvals to Jordan and Egypt) and related agreements between the holders of the rights in the Tamar and Dalit Leases.
- NewMed's rights in the Tamar and Dalit Leases shall be transferred to the Tamar Purchasers subject to existing royalties in the Tamar and Dalit Leases, and accordingly, the obligation to pay the royalty holders shall also be transferred to the Tamar Purchasers.
- As of 1 August 2021 (in this section, the "**Tamar Effective Date**"), the Tamar Purchasers shall bear proportional to its share, any and all expenses, payments, guarantees, collateral and liabilities applicable to the sale and in accordance with the provisions of any law, other than specific liabilities under the Second Tamar Agreement that shall remain under the responsibility of NewMed after the closing of the transaction, as specified below.
- NewMed shall bear any and all expenses, payments, guarantees, collateral and liabilities applicable in respect of the sale and in accordance with the provisions of any law until the Tamar Effective Date, including taxes for the sale and levies under Israeli law in respect of the quantities of hydrocarbons sold up to the Tamar Effective Date.
- NewMed shall remain liable for the following after the closing of the transaction:
 - (a) liabilities in connection with the purchased assets in relation to the period prior to the Tamar Effective Date (except for malfunctions and wear and tear of facilities and equipment of the Tamar and Dalit Leases, that existed prior to the Tamar Effective Date but were not known to NewMed);
 - (b) liabilities in respect of hydrocarbons produced from the Tamar and Dalit Leases prior to the Tamar Effective Date;
 - (c) liabilities in connection with the motion for class certification filed by an IEC consumer against the holders of rights in the Tamar Lease, including any related appeal and other proceeding;
 - (d) payment requests under the joint operating agreement in the Tamar and Dalit Leases, which were sent by the operator of the Tamar Project before the Tamar Effective Date; and
 - (e) liabilities regarding environmental hazards in the area of the Tamar and Dalit Leases, insofar as they existed prior to the Tamar Effective Date or were known to NewMed prior to the date of closing of the transaction.
- NewMed gave the Tamar Purchasers various representations that are customary to such transactions, including representations regarding its rights in the purchased assets, and disclosure of material information concerning the purchased assets, including, among other things, compliance with the terms of the Tamar and Dalit Leases, the validity of the material agreements, the absence of a breach or legal proceedings relevant to the purchased assets, compliance with the provisions of law applicable to the purchased assets and the applicable taxation and financial data of the joint project.
- NewMed undertook to indemnify the Tamar Purchasers for any damage or liability incurred in connection with claims or other legal proceedings resulting from the breach of a

representation, provided that NewMed shall not be liable for damage, until the total said damage exceeds US\$2.5 million, and the total indemnity shall not exceed 35 per cent. of the consideration paid for the purchased assets, except with respect to specific “**fundamental representations**” (where the total indemnification shall not exceed 100 per cent. of the consideration) or in the event of a fraud (in relation thereto, no maximum liability has been set). NewMed shall not be liable to the Tamar Purchasers for breach of the representations unless an indemnification demand has been provided by the end of 18 months from the date of closing of the transaction (or 36 months in relation to the “**fundamental representations**” and until 60 days after the end of the relevant statute of limitations period with respect to representations relating to tax liabilities).

- NewMed undertook to indemnify the Tamar Purchasers for irregular events, including excess charges imposed as levies pursuant to Israeli law in connection with specific disputes between NewMed and the tax authorities on the method of calculation of the levy relative to the income and expenses for the period prior to the Tamar Effective Date, up to a maximum indemnity of US\$15 million.
- The Second Tamar Sale Agreement is governed by the laws of England. Any dispute between the parties shall be resolved in an arbitration proceeding to be held before three arbitrators in London in accordance with the rules of the London Court of International Arbitration.

(K) **NewMed Partnership Agreement**

In September 2022 and in January 2023, the NewMed Unitholders’ meeting approved amendments of NewMed’s partnership agreement, by which, *inter alia*, the management costs of NewMed (including, for example, the costs related to employees and premises) would be paid by NewMed, whereas under the previous arrangement, the General Partner paid these costs on its own account and was entitled, in consideration, to certain management fees from NewMed (which, in practice, were significantly lower than the actual costs incurred).

8. Related party transactions

8.1 Capricorn Group

Save as disclosed in: (i) note 8.7 to the Capricorn Group 2019 Financial Statements, (ii) note 8.8 to the Capricorn Group 2020 Financial Statements; and (iii) note 8.10 to the Capricorn Group 2021 Financial Statements, each of which are incorporated by reference into this document, there are no related party transactions between the Capricorn Group and its related parties that were entered into during the financial years covered by the historical financial information and up to the Latest Practicable Date.

8.2 NewMed Group

Save as disclosed in the Historical Financial Information for the three years ended 31 December 2019, 31 December 2020 and 31 December 2021 set out in Part XII (*Historical Financial Information Relating to the NewMed Group*) (see in particular, notes 14 and 27) and in paragraph 7 (in particular, paragraph 7.4) of Part VI (*Information on the NewMed Group*), there were no related party transactions within the meaning of UK-adopted international accounting standards as defined in section 474(1) of the Companies Act 2006 between the NewMed Group and its related parties during the financial years covered by the historical financial information, or during the period from and including 1 January 2022 up to and including the Latest Practicable Date.

Enlight memorandum of understanding

On 14 August 2022 NewMed entered into a memorandum of understanding with Enlight regarding exclusive collaboration for a fixed term on the initiation, development, financing,

construction and operation of renewable energy projects in several target countries in the Middle East and North Africa. The memorandum of understanding indicates NewMed's intention to enter into a binding agreement with a company to be newly-incorporated and to be jointly owned by Enlight and Yossi Abu. Additionally, as part of such collaboration, Enlight will allocate a certain part of its interests in the joint projects to Mr. Abu. This memorandum of understanding is not binding and is subject, inter alia, to entry into a binding agreement, which remains under negotiation between the parties. On 21 September 2022, a general meeting of the NewMed Unitholders authorised NewMed to make investments in renewable energy projects, in the framework of the collaboration with Enlight, including the personal interest of Mr. Abu in the transaction, for a three year period that can be extended to additional periods subject to an additional approval of the general meeting, all pursuant to the provisions of TASE rules.

9. Litigation

9.1 Capricorn Group

Save as set out below, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this document which may have, or have had in the recent past, a significant effect on Capricorn's and/or the Capricorn Group's financial position or profitability.

(A) Indian Income Tax Department and Arbitration under UK-India Bilateral Investment Treaty

In January 2014 Capricorn received notification from the IITD in which the IITD claimed to have identified unassessed taxable income resulting from certain intra-group share transfers undertaken in 2006 (the **"2006 Transactions"**), such transactions having been undertaken in order to facilitate the initial public offering of CIL in 2007. The notification made reference to retrospective Indian tax legislation enacted in 2012, which the IITD was seeking to apply to the 2006 Transactions.

The assessment issued in January 2016 by the IITD of principal tax due on the 2006 Transactions was for INR 102 billion (currently US\$1.36 billion), plus applicable interest and penalties. On 9 March 2017, the Income Tax Appellate Tribunal, Delhi issued an order in which it was held that CUHL should not be required to pay interest under certain sections of the Indian Income Tax Act, 1961, on the basis that the tax payable had **"arisen because of retrospective amendment"** and that CUHL **"could not have visualized"** such liability when it carried out the transfers in 2006.

In March 2015 Capricorn filed a Notice of Dispute under the UK-India Bilateral Investment Treaty (the **"UK-India Treaty"**) in order to protect its legal position and seek restitution of the value effectively seized by the IITD in and since January 2014.

The UK-India Treaty proceedings formally commenced in January 2016 and on 21 December 2020, the Tribunal issued its award in favour of Capricorn, finding unanimously that the Republic of India had through its actions failed to accord Capricorn's investments fair and equitable treatment in breach of Article 3(2) of the UK-India Treaty. The Tribunal ordered the Republic of India to pay damages to Capricorn to compensate it for the breach, totalling approximately US\$1.2 billion plus interest and costs.

In August 2021, the Indian Parliament passed new legislation, the Taxation Laws (Amendment) Bill 2021, which introduced a scheme allowing, subject to fulfilment of certain conditions, the refund of taxes previously collected from certain companies, including Capricorn, pursuant to the 2012 legislation on which the tax assessment was founded. In November 2021, Capricorn entered into undertakings with the Government of India in order to participate in such a scheme. The principal condition under the new legislation was the withdrawal of Capricorn's

rights under the arbitration award referred to above, as well as the termination, withdrawal and/or discontinuance of various enforcement measures taken by Capricorn in multiple jurisdictions. These steps were completed by Capricorn between November 2021 and February 2022. The tax refund of INR79 billion was paid in full and net proceeds of US\$1.06 billion were received by Capricorn on 24 February 2022.

(B) Citla arbitration proceedings

On 18 September 2017, Capricorn Energy México, S. de R.L. de C.V. ("**Capricorn Mexico**") and Citla Energy, B9, S.A.P.I DE C.V. ("**Citla**"), entered into an arbitration agreement, which formed part of a deed of assignment between both parties (among others) (the "**Citla Agreement**"). Under the Citla Agreement, it was agreed that Citla would pay an enlarged share of the signature bonus of US\$30 million payable to the Mexican Petroleum Fund for Stabilisation and Development at the time of Capricorn Mexico's and Citla's entry into a contract for the exploration and extraction of hydrocarbons for Block 9 with the Mexican Petroleum Fund for Stabilisation and Development, provided that Capricorn Mexico would pay Citla for sums paid upon the occurrence of certain specified events, including in the event of a sale of some or all of Capricorn's interest in Block 9 offshore Mexico.

In June 2021, Capricorn Mexico and Eni México S. de R.L. de C.V. exchanged their respective 15 per cent. equity interests in Blocks 9 and 10 offshore Mexico, pursuant to a farm-out agreement entered into on 6 August 2019 (the "**Eni Transaction**"). No cash consideration was paid by either party, but the exchange was subject to a true-up of expenditure incurred by each party on their respective licence as at the date of such exchange.

Citla commenced arbitration proceedings against Capricorn Mexico in May 2022, claiming that the Eni Transaction triggered Capricorn's obligation to pay a sum of approximately US\$11.5 million under the Citla Agreement. A merits hearing is scheduled for July 2023.

9.2 NewMed Group

Save as set out below, there are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which NewMed is aware) during the 12 months preceding the date of this document, which may have, or have had in the recent past, a significant effect on the NewMed's and/or the NewMed Group's financial position or profitability of the NewMed Group.

(A) Motion for Certification of a Class Action Concerning IEC Agreement Against the Tamar Partners

On 18 June 2014, a class certification motion was filed with the Tel Aviv District Court against the Tamar Partners, including (at such time) NewMed, by an IEC consumer, in which it was claimed, inter alia, (in this section, the "**Petitioner**" and the "**Motion**", respectively) that the gas sold to IEC by the Tamar Partners was sold at an unfair price which constituted an abuse of the Tamar Partners' position as the holders of a monopoly in the Israeli natural gas supply sector in violation of Section 29A of the Economic Competition Law.

On 8 June 2021, a judgment of the District Court was issued denying the Motion, since: (i) the cause of action was not proved; (ii) there was no evidence that the price of natural gas in the IEC contract is unfair; and (iii) the Motion did not meet the requirement for a class action.

On 30 September 2021, the Petitioner filed an appeal from the judgment with the Supreme Court. On 9 January 2023, the appeal was denied.

(B) Motion for Certification of a Class Action Concerning IEC Agreement Against NewMed and Chevron

In February 2020, a motion to certify a class action was filed by an electricity consumer of IEC with the Tel Aviv District Court against NewMed and Chevron (in this section, the “**Petitioner**” and the “**Motion**”, respectively). The Motion argues that NewMed and Chevron have illegally used their cross-holdings in the Tamar and Leviathan Fields and their monopolistic position in the Israeli natural gas market to the detriment of consumers, causing estimated damages (based on an expert opinion) of approximately ILS 1.1 billion. Specifically, the Petitioner argues that NewMed and Chevron prevented the other holders of Tamar from amending the existing Tamar-IEC Agreement by exercising an illegal veto right; that they engaged in an illegal restraint of trade by causing both Tamar and Leviathan to offer the same price in the IEC tender conducted in March 2019 (the “**IEC Tender**”); and that they are charging an excessive price from the IEC in the Leviathan-IEC GSPA executed subsequent to the IEC Tender.

In the class action attached to the Motion, two distinct remedies are requested: first, payment of approximately ILS 1.1 billion of damages caused to consumers due to NewMed’s and Chevron’s alleged behaviour and second, a writ mandating NewMed and Chevron to allow the Other Tamar Partners to execute the proposed amendment to the Tamar-IEC Agreement. This second remedy is no longer relevant since on 23 February 2021, all the Tamar Partners signed an agreement intended to enable each of the Tamar Partners to separately market their proportionate share in the natural gas produced from the Tamar Field. This could further increase the NewMed Group’s competition, particularly following the disposal of the Company’s Tamar Disposal Interests pursuant to the Gas Framework.

On 9 December 2021, NewMed and Chevron filed their response to the Motion and on 28 February 2022 the Petitioner filed a response to NewMed and Chevron’s response to the Motion. A pre-trial hearing on the Motion is scheduled for 26 February 2023.

In NewMed’s estimation, based on the opinion of its legal advisors, it is more likely than not that the Motion will be denied.

(C) Motion for Certification of a Class Action Concerning the NewMed and Avner Oil Merger

On 25 December 2016, a motion for class certification was filed (in this section, the “**Certification Motion**”) based on the argument that the merger between NewMed and Avner Oil was approved in an unfair proceeding, and the consideration that was paid to the holders of the minority units in Avner Oil, as determined in the merger agreement, was unfair. The motion was filed against Avner Oil, the general partner of Avner Oil and the members of the board of directors thereof, Delek Group as the controlling shareholder in Avner Oil (indirectly), and against Pricewaterhousecoopers Advisory Ltd. (a company incorporated in Israel) as the economic consultants of an independent board committee that was established by Avner Oil (in this section, the “**Respondents**”). According to the motion, *inter alia*, the committee members, the board of Avner Oil and the general partner of Avner Oil breached the duty of care vis-à-vis Avner Oil, and Avner Oil conducted itself in a manner that was oppressive towards the minority. The total damage was estimated by the petitioners to be in the amount of ILS 320 million. On 13 February 2017, the court approved a stipulation whereby the motion for class certification will be amended by adding an argument of minority oppression by Delek Group.

On 6 July 2017, the court ordered to add NewMed (as successor in all Avner Oil’s rights and obligations under the merger agreement between NewMed and Avner Oil) as a respondent in accordance with NewMed’s motion. As at the Latest Practicable Date, the proceedings are still ongoing.

In NewMed’s estimation, based on the opinion of its legal advisors, it is more likely than not that the Certification Motion will be denied.

(D) **Motion for Certification of a Class Action Concerning the Tamar Petroleum IPO**

On 4 February 2019, a class action and a motion for certification thereof (in this section, the “**Certification Motion**”) was filed with the Tel Aviv District Court (Economic Department) by a shareholder of Tamar Petroleum and the Public Representatives Association (in this section collectively: the “**Petitioners**”), against Tamar Petroleum, NewMed, the CEO of the General Partner and the Chairman of the Board of Tamar Petroleum on the date of the offering, the CEO of Tamar Petroleum, the CFO of Tamar Petroleum and Leader Issues (1993) Ltd. (in this section collectively: the “**Respondents**”), in connection with the issue of the shares of Tamar Petroleum in July 2017 (in this section, the “**Tamar IPO**”).

According to the Petitioners, the Respondents misled the investing public in the Tamar IPO with respect to the ability of Tamar Petroleum to distribute a dividend to its shareholders, for the period commencing on the Tamar IPO date and ending at the end of 2021, and breached duties under various laws, *inter alia*, a breach of the duty of care of the said officers and breach of NewMed’s duties as shareholder and holder of control of Tamar Petroleum before the Tamar IPO. The remedies sought include a financial remedy of at least US\$53 million.

On 6 February 2020, the Attorney General gave notice that at this stage he does not deem fit to join the proceeding. On 1 November 2020, the Petitioners filed a motion to amend the Certification Motion (in this section, the “**Amended Motion**”), in which they sought adding to an additional petitioner who participated in the Tamar IPO, unlike the other Petitioners who did not participate therein. In addition, the Amended Motion included a motion to increase the amount of the argued damage to US\$153 million. On 6 April 2021, the court granted the Petitioners’ motion to amend the Certification Motion.

As at the Latest Practicable Date, the proceedings are still ongoing.

In NewMed’s estimation, based on the opinion of its legal advisors, it is more likely than not that the Certification Motion will be denied.

(E) **Tamar Investment Recovery Date Dispute**

With respect to the calculation of the “Investment Recovery Date” for the Tamar Project, there is a dispute regarding the expenses that should be taken into account, and, in particular, whether financing expenses and the levy that will be paid by NewMed under the Taxation of Profits from Natural Resources Law should have been included in the calculation.

In January 2019, NewMed’s Supervisor filed a petition with the Tel Aviv District Court, on behalf of NewMed’s Unitholders, in which the Supervisor argued, *inter alia*, that the determination of the “Investment Recovery Date” for the Tamar Project did not take into account certain future Levy Payments expected to be paid by NewMed, and that if these payments were included in the calculation it would significantly postpone the “Investment Recovery Date” for the Tamar Project resulting in payments by NewMed of the royalties to Delek Energy and Delek Group at a later date.

In response to the Supervisor’s petition, Delek Group and Delek Energy filed a counter claim against NewMed in which they argue, *inter alia*, that the determination of the “Investment Recovery Date” should not have taken expected financing expenses into consideration when it calculated the “Investment Recovery Date” for the Tamar Project, and based on a correct calculation, the “Investment Recovery Date” for the Tamar Project occurred much earlier than the date calculated by NewMed (i.e., in August 2015, rather than January 2018).

On 5 April 2021, a pre-trial hearing took place, during which the parties were offered to refer to mediation, following which the parties agreed to apply to former Supreme Court Justice Yoram Danziger as a mediator. As at the Latest Practicable Date, the mediation process has not yet been concluded. It is expected that any decision with respect to the calculation method of the Investment Recovery Date in the Tamar Project will also apply, *mutatis mutandis*, to the royalty obligations in respect of the NewMed Group’s 45.34 per cent. working interest in the Leviathan

Project (as the royalty arrangements are similar to those in respect of the Tamar Project). See Section B, paragraph 18 of the section in this document entitled “Risk Factors” for further information”.

(F) Motion for Certification of a Class Action Concerning the BOE GSPAs

On 23 April 2020, a holder of participation units of NewMed (in this section, the “**Petitioner**”) filed a class action and motion for class certification against NewMed, the General Partner, Delek Group, Mr. Tshuva, the directors of the General Partner (including the former chairman of the board) and the CEO of the General Partner (in this section, the “**Motion**” and the “**Respondents**”, respectively), with the Economic Department of the Tel Aviv District Court.

The Motion alleges that the Respondents refrained from disclosing, in NewMed’s reports, the existence of a clause in the BOE Export Agreement and the Tamar-BOE GPSA (in this section, the “**BOE GSPAs**”), according to which in a year in which the average daily Brent barrel price (as defined in the BOE GSPAs) is lower than US\$50 per barrel, Dolphinus is entitled to reduce the minimum annual quantity purchased under the BOE GSPAs, to 50 per cent. of the annual contractual quantity.

The main remedy sought in the Motion is compensation of the class which the Petitioner intends to represent, for the alleged damage incurred thereby, which is assessed, according to the opinion attached to the Certification Motion, at approximately ILS 55.5 million. The Petitioner also moved for any other remedy in favour of the class, as the court deems fit under the circumstances.

On 17 January 2021, the Respondents filed their response to the Motion, accompanied by an expert opinion. On 26 September 2021, the Petitioner filed his response to the respondents’ response to the Motion, accompanied by an expert opinion. As at the Latest Practicable Date, the legal proceedings are still ongoing.

In NewMed’s estimation, based on the opinion of its legal advisors, it is more likely than not that the Motion will be denied.

(G) EMG Share Purchase Agreements Dispute

In September 2019, Lobby 99 Ltd. and Hazlacha Association (together the “**Appellants**”) filed an Appeal (the “**Appeal**”) to the Competition Tribunal in Jerusalem (the “**Tribunal**”) against the Director General of the Israeli Competition Authority (in this section, the “**Director General**”), EMG and EMED. The Appellants requested the Tribunal to nullify or modify the merger approval which was granted to EMG and EMED by the Director General.

On 21 December 2022 the Competition Tribunal denied the relief sought by the Appellants of vacating the approval granted to the merger and ordered the Director General to issue a supplemental decision regarding the conditions set forth in the framework of the merger’s approval.

All parties have a right to appeal the Tribunal’s decision to the Supreme Court within 45 days of the date of the decision.

Following redaction of the parties’ confidential commercial information, the Tribunal’s decision was publicly released on 9 January 2023.

(H) Karish and Tanin Sale and Purchase Agreement Dispute

The agreement for the sale of NewMed’s interests in the Karish and Tanin Leases stipulates that once Energean obtains financing for the development plan of Karish and Tanin as stipulated in the agreement, Energean will be required to immediately pay the total balance of the consideration due in connection with the sale of Karish and Tanin by NewMed to Energean.

Accordingly, following the issuance of bonds by Energean on 30 April 2021, NewMed demanded immediate payment of the total balance of the consideration from Energean, which demand was rejected on the grounds that the condition for immediate payment of the balance of the consideration was not fulfilled. Consequently, on 31 May 2022, NewMed filed a claim with the Tel-Aviv District Court against Energean, *inter alia*, for the payment of the remaining consideration under the sale agreement. The outstanding balance under the Energean Loan was approximately US\$63.2 million as at 30 September 2022, with a book value of approximately US\$54.5 million as at 30 September 2022. As at the Latest Practicable Date, the legal proceedings are ongoing.

See paragraph 5.7(C) of Part VI (*Information on the NewMed Group*) regarding a dispute in respect of Karish North.

(I) Disputes between NewMed and the ITA

As at the Latest Practicable Date, there are certain disputes between NewMed and the ITA regarding the amount of NewMed's taxable income in 2016, 2017 and 2018, primarily pertaining to the manner of recognition of financing expenses and other expenses actually incurred by NewMed and the manner of calculation of the capital gain from the sale of the Karish and Tanin leases and from the sale of Tamar and Dalit leases. According to tax assessments issued by the ITA, and if all of the ITA's arguments are accepted, NewMed shall be liable to pay additional tax (including interest and any inflation adjustments) of approximately ILS 508 million. It should be noted that most of the issues in dispute with the ITA relate to the timing of the recognition of different expenses. Therefore, acceptance of the ITA claims in the assessments for the years 2016-2018 is expected to reduce the tax liability of NewMed in later years compared to the NewMed tax liability deriving from the relevant issues in its self-assessments, since the ITA claims are mainly in respect of timing of costs recognition and not whether cost is eligible for deduction.

In NewMed's estimation, based on the opinion of its legal advisors, it is more likely than not that the main arguments of NewMed will be accepted and will at least (with respect to the disallowance of NewMed's expenses) allow the deduction of expenses under dispute in later years.

In addition to the disputes described above in respect of the tax years 2016 to 2018, in respect of the 2019 tax year and each tax year thereafter, the ITA audit of the tax report of NewMed is uncompleted, and hence it may transpire in the future, after the completion of the ITA audit for any or all years, that the final tax assessment may be significantly higher than the tax payments actually made by NewMed, and in such case the NewMed Group will be required to pay to the ITA the balance of the unpaid tax deriving from such assessment differences (subject to any different outcome as a result of any appeal).

For additional details, please see Note 9 to the NewMed Financial Statements.

Disputes have arisen between the Assessing Officer for Large Enterprises and the holders of the rights in the Leviathan, Yam Tethys and Tamar Leases regarding the levy reports for the years 2013-2020, which disputes chiefly pertained to the method of classification and quantification of data in the levy reports for the said years. For additional details, please see note 26.3(D) to Part XII (*Historical Financial Information Relating to the NewMed Group*).

(J) Proceedings with respect to the Alon D Licence

NewMed Group held 52.941 per cent. of the rights in the Alon D exploration licence located in the Mediterranean, approximately 50 km north-west of the city of Naharia in Israel. The remaining rights in the Alon D licence were held by Chevron. The Alon D licence expired on 21 June 2020, and an appeal submitted to the Court by NewMed and Chevron with respect to the expiry of the licence was denied.

On 18 June 2020, the Alon D partners filed a petition with the Supreme Court (the "**Petition**"), sitting as the High Court of Justice, in which the court was moved to issue a conditional order ordering the Minister of Energy and the Petroleum Commissioner to give reasons, *inter alia*, why the Minister's decision denying the abovementioned appeal should not be revoked and why the Alon D licence should not be extended or the licence holders granted a substitute licence in its stead. A hearing of the Petition was held on 15 December 2022. On 25 December 2022, Alon D partners notified the Court that they stand by the Petition and asked the Court to issue a ruling. As at the Latest Practicable Date, the Petitioners are waiting for the Court verdict.

In parallel to the above, on 23 June 2020, the Ministry of Energy declared a competitive process for the granting of a natural gas and oil exploration licence in Block 72, over whose area the Alon D licence extended ("**Block 72**"). NewMed and Chevron submitted a bid in said competitive process on 23 June 2020. However, the Concentration Committee acting under the Concentration Law announced its recommendation not to allow NewMed to win the competitive process, irrespective of its meeting the terms and conditions of the process. As at the Latest Practicable Date, the winner of the Block 72 competitive process has not been declared by the Ministry of Energy.

(K) Motion for Certification of a Class Action Concerning Environmental Pollution

On 15 December 2020, a motion to certify a class action was filed with the Tel Aviv District Court by a resident of the Dor Beach area against Chevron. In such motion, the petitioner claimed that Chevron exposed the members of the class group to air, sea and environmental pollution due to prohibited emissions from the Leviathan Platform, causing health damage. The main remedy requested by the petitioner is compensation for the alleged health damage and injury to autonomy resulting from concerns of health damage, estimated to be equal to ILS 50 million. As at the Latest Practicable Date, the proceedings are still ongoing.

In NewMed's estimation, based on the opinion of its legal advisors, it is more likely than not that the certification motion will be denied.

(L) Port Payments Dispute

On 3 May 2021, Haifa Port Company Ltd. ("**Haifa Port**") filed a claim against Chevron (the operator of the Leviathan Field), Coral Maritime Services Ltd. and GoldLine Shipping Ltd., in the amount of approximately ILS 77 million. According to Haifa Port's claim, the direct offloading of cargo onto the Leviathan platform, as done by Chevron, without first unloading such cargo in one of Israel's ports, is unlawful and was done to avoid making obligatory payments to the Port, thereby causing the Port a loss. As argued in the complaint, from July 2018 forward, Chevron engaged in such direct offloading, while declaring to the tax authorities that the Haifa Port was the "offloading port", although the offloaded cargoes did not actually go through the Haifa Port. On 31 August 2021 Chevron filed a counter-complaint in the amount of approximately ILS 4.4 million against Haifa Port. As at the Latest Practicable Date, the proceedings are still ongoing.

In NewMed's estimation, based on the opinion of its legal advisors, it is more likely than not that the primary claim will be denied.

(M) Gas supply agreements between natural gas consumers and the Yam Tethys partners claim

On 12 March 2015, NewMed and Chevron (jointly in this section, the "**Plaintiffs**") filed a claim with the District Court in Jerusalem against the State of Israel through its representatives from the Ministry of Energy (in this section: the "**Defendant**"), which mainly includes the restitution of royalties overpaid by the Plaintiffs, under protest, to the Defendant, for revenues that derived to the Plaintiffs from gas supply agreements which were signed between natural gas consumers and the Yam Tethys partners, some of which was supplied from the Tamar project, according

to an accounting mechanism designated to maintain a balance of the gas quantities in the Tamar project between the partners therein according to their share.

On 14 November 2022, the court's judgment was received, dismissing the claim, other than in connection with the Plaintiffs' position regarding repayment of interest amounts collected by the defendant from the Plaintiffs in an immaterial amount, and charging the Plaintiffs with payment of the defendant's expenses and legal fees. According to the aforesaid, NewMed recorded expenses for the period until the sale of its full holdings in the Tamar project in the sum of approx. \$13.5 million for the Tamar project and approx. \$1.6 million for the Leviathan project, which were included in the 'profit (loss) from discontinued operations' and in the royalty expenses in the continued operations, respectively. If the court's said decision of 14 November 2022, stands, NewMed will bear an additional payment to the royalty holders for gas quantities supplied by NewMed to customers of the Yam Tethys project, in the sum of about US\$5.4 million (including approx. US\$1.2 million to related parties). NewMed's intention is to file an appeal in the matter.

(N) Administrative Petition to reveal information about The State of Israel Proceeds from Natural Resources

On 21 April 2021, the Israel Union for Environmental Defense filed an administrative petition with the Jerusalem District Court, against the ITA, the Supervisor for Implementation of the Freedom of Information Law at the ITA, Chevron, NewMed, Ratio Energies - Limited Partnership, Givot Olam Oil Exploration – Limited Partnership (1993), E.C.L. Group Ltd., Dead Sea Works Ltd. and Rotem Amfert Negev Ltd. In the petition, the court was requested to order the ITA to provide the Petitioners with information about the revenues from the State's income from Israel's natural resources, together with general information regarding reports received by the ITA and the handling thereof since the enactment of the Taxation of Profits from Natural Resources Law. A hearing on the petition was held on 15 February 2022 and on 22 February 2022 a judgment was issued ordering to grant the petition in part, such that the ITA was required to reconsider its decision not to disclose the information.

10. Working capital

Capricorn is of the opinion that, taking into account the facilities available to the Combined Group, the working capital available to the Combined Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of this document.

11. No significant change

11.1 Capricorn Group

There has been no significant change in the financial position or financial performance of the Capricorn Group since 30 June 2022, being the date to which the most recent financial information has been published.

11.2 NewMed Group

There has been no significant change in the financial position or financial performance of the NewMed Group since 30 September 2022, being the date to which the most recent financial information has been published.

12. Persons acting in concert with Capricorn

In addition to the Directors (whose names appear in Section 1.2 of Part XVI (*Directors, Employees and Corporate Governance*) of this document), together with their close relatives and related trusts, and members of the Capricorn Group, the persons who, for the purposes of the Takeover Code, are acting in concert with Capricorn are:

Name	Address/Registered office	Relationship with Capricorn
Rothschild & Co	New Court, St Swithin's Lane, London, EC4N 8AL, United Kingdom	Sole Sponsor and Financial Adviser to Capricorn
Goldman Sachs International	25 Shoe Lane, London, EC4A 4AU, United Kingdom	Financial Adviser to Capricorn
Morgan Stanley & Co. International plc	25 Cabot Square, Canary Wharf, London E14 4QA, England	Financial Adviser and Corporate Broker to Capricorn

13. Taxation

Information on taxation in the United Kingdom in relation to the Combination is set out in Section A of Part XV (*Taxation*) of this document. Information on taxation in Israel in relation to the Combination is set out in Part B of Part XV (*Taxation*) of this document.

The information contained in Part XV (*Taxation*) of this document is intended only as a general guide to the current tax position in the United Kingdom and Israel – it does not constitute tax advice and does not purport to be a complete analysis of all potential tax consequences of the Combination. Shareholders in the United Kingdom and Israel should consult their own tax advisers regarding the tax treatment of the Combination in light of their own circumstances. Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser immediately. In particular, Capricorn Shareholders should be aware that the tax legislation of any jurisdiction where a Capricorn Shareholder is resident or otherwise subject to taxation (as well as the jurisdictions discussed in Part XV (*Taxation*) of this document) may have an impact on the tax consequences of an investment in Ordinary Shares, including in respect of any income received from Ordinary Shares.

14. Third-party information

14.1 External publications

Certain information has been obtained from external publications and is referenced in this document where the information is included. Capricorn confirms that this information has been accurately reproduced and, so far as Capricorn is aware and is able to ascertain from the information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.

14.2 NewMed RCRs

There have been no material changes since the date of the NewMed RCRs included at Part XIV (*Resources Consultant's Reports on the NewMed Group*), the omission of which would make such reports misleading.

15. Consents and auditors

The Company has received the following written consents, which are available for inspection at the times and locations set out in section 16 of this Part XVIII, in connection with the publication of this document:

Netherland, Sewell & Associates, Inc. has given and not withdrawn its written consent to the inclusion of the NewMed RCRs in the form and context in which it appears and has authorised the contents of its reports for the purposes of item 1.3 of Annex 1 of the UK Prospectus Regulation.

Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, has given and not withdrawn its written consent to the inclusion of its report on the NewMed Group Historical Financial Information in the form and context in which it appears at Section A of Part XII (Historical Financial Information relating to the NewMed Group), and has authorised the contents of its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 1 of the UK Prospectus Regulation.

PriceWaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion of its reports at Section B of Part XI (*Historical Financial Information relating to the Capricorn Group*) on the Unaudited Pro Forma Financial Information and Section B of Part XIII (*Unaudited Pro Forma Financial Information*), on the Unaudited Pro Forma Financial Information and has authorised the contents of the part of this document which comprise its reports for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 1 of the Prospectus Delegated Regulation.

Rothschild & Co has given and not withdrawn its written consent to the inclusion of its name in this document in the form and context in which it is included.

Goldman Sachs International has given and not withdrawn its written consent to the inclusion of its name in this document in the form and context in which it is included.

Morgan Stanley has given and not withdrawn its written consent to the inclusion of its name in this document in the form and context in which it is included.

16. Cross-reference list: documents incorporated by reference

To the extent that any document or information incorporated by reference or attached to this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document for the purposes of the Prospectus Regulation Rules, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information.

Any statement contained in a document which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

Except as set out below, no other portion of these documents is incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for prospective investors or the relevant information is included elsewhere in this document.

These documents are also available on the Company's website at www.capricornenergy.com.

The table below is intended to enable Capricorn Shareholders to identify easily the location of specific items of information. This document and all documents incorporated into it by reference should be read as a whole.

Reference Document	Information incorporated by reference into this document	Page number(s)
Capricorn Group 2019 Financial Statements	Independent Auditors' Report	130 to 135
	Group Income Statement	136
	Group Statement of Comprehensive Income	136
	Group Balance Sheet	137
	Group Statement of Cash Flows	138
	Group Statement of Changes in Equity	139
	Notes to the Company Financial Statements	186 to 192
Capricorn Group 2020 Financial Statements	Independent Auditors' Report	128 to 133
	Group Income Statement	134
	Group Statement of Comprehensive Income	134
	Group Balance Sheet	135
	Group Statement of Cash Flows	136
	Group Statement of Changes in Equity	137
	Notes to the Company Financial Statements	181 to 187
Capricorn Group 2021 Financial Statements	Independent Auditors' Report	146 to 151
	Group Income Statement	152
	Group Statement of Comprehensive Income	152
	Group Balance Sheet	153
	Group Statement of Cash Flows	154
	Group Statement of Changes in Equity	155
	Notes to the Company Financial Statements	201 to 207
Capricorn Group H1 2022 Financial Statements	Group Income Statement	18
	Group Statement of Comprehensive Income	19
	Group Balance Sheet	21
	Group Statement of Cash Flows	20
	Group Statement of Changes in Equity	22 to 23
	Notes to the Company Financial Statements	24 to 41
	Accountant's report in respect of the Capricorn Egypt Financial Statements	28 to 29
The Capricorn Egypt Circular	Combined statement of income for the years ended 31 December 2018, 2019 and 2020	30
	Combined statement of financial position for the years ended 31 December 2018, 2019 and 2020	31
	Combined statement of changes in equity for the years ended 31 December 2018, 2019 and 2020	32
	Combined statement of cash flow for the years ended 31 December 2018, 2019 and 2020	33
	Notes to the Capricorn Egypt Financial Statements for the years ended 31 December 2018, 2019 and 2020	34 to 57
	Task force on Climate-related Financial Disclosures (TCFD) Report	18 to 23
	Behaving Responsibly to the Environment	56 to 59
Capricorn Annual Report 2021	Behaving Responsibly to People	60 to 63
	Behaving Responsibly to Society	64 to 66
	Letter from the Board of Capricorn Energy PLC	1 to 3
Notice of Requisitioned General Meeting issued by Capricorn on 9 January 2023	Notice of General Meeting – Capricorn Energy PLC	4 to 8

17. Right to request hard copies

Capricorn Shareholders, persons with information rights and any other person who has received a copy of this document will not be sent automatically a copy of any document (or any part of a document) incorporated into this document by reference. Additionally, if you received this document or any such document or information in electronic form or via a website

notification, a hard copy of any such document or information will not be sent to you. The Company will, however, upon the written request of any such person, procure or provide without charge a copy of any such documents or information. You may also request that all future documents, announcements and information sent to you in relation to the Combination should be in hard copy form.

You may request a hard copy of this document or the documents or information incorporated into this document by reference to another source, by contacting Capricorn's Registrar, Equiniti, through any of the following methods: (i) by calling the Shareholder Helpline on +44 (0)371 384 2050 between 8:30 a.m. and 5:30 p.m. (London time) Monday to Friday (except public holidays in England and Wales); or (ii) by submitting a request in writing to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom, in each case, stating the name and the address to which the hard copy should be sent. If such a request is made, a copy of the requested information shall be sent to the relevant person in hard copy form as soon as possible.

18. Documents available for inspection

Copies of the following documents will be available for inspection on the Capricorn Group's website at www.capricornenergy.com for a period of at least 12 months from the date of publication of this document, and for inspection at the registered office of the Company at 50 Lothian Road, Edinburgh, EH3 9BY and at the offices of Slaughter and May at One Bunhill Row, London EC1Y 8YY from the date of this document up to and including the date of Readmission and Admission:

- (A) the Articles;
- (B) the Capricorn Group 2019 Financial Statements;
- (C) the Capricorn Group 2020 Financial Statements;
- (D) the Capricorn Group 2021 Financial Statements;
- (E) the Capricorn Group H1 2022 Financial Statements;
- (F) the NewMed RCRs contained in Part XIV (*Resources Consultant's Reports on the NewMed Group*);
- (G) the consents referred to in section 15 of this Part XVIII;
- (H) the Business Combination Agreement;
- (I) the Relationship Agreement;
- (J) the Delek Voting Undertaking;
- (K) the July Confidentiality Agreement;
- (L) the November Confidentiality Agreement;
- (M) the rules of the 2023 Israeli Plan;
- (N) the terms applicable to the Special Bonus and the terms applicable to the Retention Bonus;
- (O) a copy of this document (including the Notice of General Meeting) and the YELLOW Form of Proxy; and
- (P) the notice of the Requisitioned General Meeting.

Part XIX Definitions

The following definitions apply throughout this document unless the context requires otherwise:

“£” or “sterling”	pounds sterling, the lawful currency for the time being of the UK, and references to “pence” and “p” shall be construed accordingly
“2006 Transactions”	certain intra-group share transfers undertaken in 2006 by Capricorn
“2009 LTIP”	the Capricorn Energy PLC Long Term Incentive Plan (2009)
“2009 LTIP Awards”	Awards under the 2009 LTIP
“2017 LTIP”	the Capricorn Energy PLC Long Term Incentive Plan (2017)
“2017 LTIP Awards”	Awards under the 2017 LTIP
“2022 AGM”	the annual general meeting of Capricorn held on 11 May 2022
“2023 Israeli Plan”	the Capricorn Energy PLC 2023 Israel Share Incentive Plan
“Acquisition”	the acquisition by Capricorn of all of the partnership interests in NewMed, in each case on the terms of the Business Combination Agreement
“acting in concert”	the expression “acting in concert” as defined in the Takeover Code
“Adarco”	Adarco Energy Limited
“Admission Standards”	means the London Stock Exchange's Admission and Disclosure Standards
“Admission”	the admission of the New Ordinary Shares to listing on the premium segment of the FCA's Official List in accordance with paragraph 3.2.7G of the Listing Rules and to trading on the LSE's main market for listed securities in accordance with paragraph 2.1 of the Admission Standards
“AESW”	Alam El Shawish West
“AFEs”	authorisations for expenditure
“AIPN”	the Association of International Petroleum Negotiators
“Aphrodite Field”	the Aphrodite field area located in the Levant Basin of the Eastern Mediterranean region
“Aphrodite JOA”	the Aphrodite joint operating agreement, as described more particularly in paragraph 5.10(B) of Part VI (<i>Information on the NewMed Group</i>)
“Aphrodite Partners”	collectively, the NewMed Group, Chevron Cyprus Limited and Shell

“Aphrodite Project”	has the meaning given to it in paragraph 5.1 of Part VI (<i>Information on the NewMed Group</i>)
“Aphrodite PSC”	the Aphrodite Production Sharing Contract dated 24 October 2008
“Aphrodite Resources Consultant’s Report”	the Resources Consultant’s Report dated 11 January 2023 prepared by the Resources Consultant in relation to Block 12 of the Aphrodite Field, as set out in Section C of Part XIV (<i>Resources Consultant’s Reports on the NewMed Group</i>) of this document
“Approved Option Plan”	the Capricorn Energy PLC Approved Share Option Plan (2009)
“Articles”	the Articles of Association of Capricorn in force as at the date of this document
“Associate”	has the meaning given in the relevant paragraph of the definition of that term in Appendix 1 of the Listing Rules
“Audit Committee”	the audit committee constituted by the Board in accordance with the Corporate Governance Code and the Listing Rules from time to time
“Avner Oil”	Avner Oil Exploration
“Avner Royalties”	the Overriding Royalties in relation to the Avner royalty agreements as described more particularly in paragraph 7.4 of Part VI (<i>Information on the NewMed Group</i>)
“Awards”	any award or option granted over the Company’s Ordinary Shares under the Company’s share schemes
“Award Compensation Payments”	the payments by Capricorn in an aggregate amount of approximately US\$15 million in cash to the holders of Unexercisable Awards at Completion as compensation for any reduction in the value of their Unexercisable Awards that might otherwise be reasonably considered to arise as a result of the Combination
“Back to Back GSPA”	the back to back GSPA agreement between the Leviathan Partners and JML, entered into in November 2016
“Bapetco”	Badr El Din Petroleum Company, a company incorporated in the United Arab Emirates pursuant to the provisions of the Law No. 99 of 1980 (registered number 2925949) and having its registered office at 127 Abdel Aziz Fahmy St., Heliopolis, P.O. Box 5958, Cairo, 5958, United Arab Emirates
“BED”	Badr El Din
“Band Limit”	has the meaning given to it in Section A, paragraph 1.2 of Part XV (<i>Taxation</i>)
“BBC”	the bareboat charter dated 20 December 2013 originally made between Armada Kraken PTE Ltd., EnQuest Heather Limited, EnQuest ENS Limited, First Oil and Gas Limited, CEUK and Nautical Petroleum AG (as variously novated and amended)

“Board Committees”	the Audit and Risk Committee, the Health, Safety, Environment and Security Committee, the Remuneration Committee and the Nomination Committee
“Board”	the board of directors of the Company from time to time
“BOE”	Blue Ocean Energy
“BOE Export Agreement”	has the meaning given to it in paragraph 5.8(B) of Part VI (<i>Information on the NewMed Group</i>)
“BOE GSPAs”	the BOE Export Agreement and the Tamar-BOE GPSA
“BPOI Offtake and Market Agreement”	the offtake agreement entered into on 24 June 2021 by Capricorn Egypt Limited and Cheiron Oil & Gas Limited as sellers, pursuant to which BP Oil International Limited agreed to market, purchase and lift 50 per cent. of the sellers’ crude oil entitlement arising from certain of the sellers’ interests in the Egyptian Western Desert Portfolio
“Brent Index”	the Intercontinental Exchange, Inc. index representing the average price of trading in the prevailing North Sea ‘cash’ or forward market in the relevant delivery month as reported and confirmed by industry media
“Business Combination Agreement”	the merger agreement entered into between NewMed, the General Partner and Capricorn on 29 September 2022 in relation to the Combination (as amended on 20 October 2022), as more particularly described at Part II (Principal Terms and Conditions of the Combination) of this document
“Buyback Authority”	the authority pursuant to the approval, at the 2022 AGM, of resolution 16 of the Company’s notice of annual general meeting
“Buyback Waiver Resolution”	the resolution to be put to the Independent Shareholders at the General Meeting, voting on a poll, to approve a waiver by the Takeover Panel of any obligation which might fall on any person or any person acting in concert with that person to make a general offer for Capricorn pursuant to Rule 9 and Rule 37 of the Takeover Code as a result of any exercise by the Combined Company of the Buyback Authority after Completion (being Resolution 10 in the Notice of General Meeting set out at Part XXII (<i>Notice of General Meeting</i>) of this document)
“Buyback Waiver”	the waiver expected to be granted by the Takeover Panel, subject to the passing of the Buyback Waiver Resolution, of the obligations which may otherwise arise pursuant to Rule 9 and Rule 37 of the Takeover Code for Delek Group, Mr. Tshuva or any member of the Concert Party to make a general offer for the entire issued share capital of Capricorn as a result of any exercise by the Combined Company of the Buyback Authority after Completion
“Cairn Norge SPA”	the share sale and purchase agreement entered into by Capricorn Energy Holdings Limited and Solveig on 26 November 2019 in respect of the sale of the entire issued share capital of Cairn Norge AS, the Norwegian-incorporated wholly owned subsidiary of Capricorn holding all of the Capricorn Group’s oil and gas assets located in Norway

“Capricorn” or the “Company”	Capricorn Energy plc, company incorporated in the United Kingdom, registered no. SC226712, whose registered office is at 50 Lothian Road, Edinburgh, EH3 9BY
“Capricorn 102 Option”	subject to shareholder approval of the 2023 Israeli Plan and Completion, the Section 102 Option to be awarded to Yossi Abu following Completion, as further described in paragraph 7.1 of Part XVI (<i>Directors, Employees and Corporate Governance</i>)
“Capricorn Acquisition Senior RBL Borrowers”	Capricorn Egypt Limited and Cheiron Oil & Gas Limited
“Capricorn Acquisition Senior RBL Facility”	the US\$325 million senior secured reducing revolving facility agreement entered into on 24 June 2021 by the Capricorn Acquisition Senior RBL Borrowers and Capricorn Acquisition Senior RBL Lenders
“Capricorn Acquisition Senior RBL Facility Relevant Date”	as more particularly described in paragraph 7.1(I) of Part XVIII (<i>Additional Information</i>)
“Capricorn Acquisition Senior RBL Lenders”	Société Générale, APRICORP (Arab Petroleum Investments Corporation), Mashreqbank psc, Nedbank Ltd, Africa Export-Import Bank (Afrexium), The Mauritius Commercial Bank, Deutsche Bank AG. Trafigura Ventures V B.V and BP Oil International
“Capricorn Assets”	the Egypt Concessions, the contingent consideration under the Catcher/Kraken SPA and the Senegal SPA (as more particularly described in paragraph 7.1(E) and 7.1(J) of Part XVIII (<i>Additional Information</i>) respectively, and Capricorn’s other licence interests as described in paragraph 4.6 of Part V (<i>Information on the Capricorn Group</i>)
“Capricorn Budget and Business Plan”	the Capricorn Group 2022 Revised Corporate Budget, and the 2023 Annual Corporate Budget of US\$294.7m, both of which were approved by the Board on 22 September 2022
“Capricorn Egypt Circular”	the class 1 circular published by Capricorn on 29 June 2021 related to the proposed acquisition of the Egypt Concessions
“Capricorn Egypt Financial Statements”	the consolidated financial statements for Capricorn Egypt for the years ended 31 December 2020, 2019 and 2018
“Capricorn Egypt”	Capricorn Egypt Limited
“Capricorn Group 2019 Financial Statements”	the audited consolidated financial statements of the Capricorn Group as at and for the year ended 31 December 2019 (including unaudited comparative financial information as at and for the year ended 31 December 2018) and the audit report thereon
“Capricorn Group 2020 Financial Statements”	the audited consolidated financial statements of the Capricorn Group as at and for the year ended 31 December 2020 (including unaudited comparative financial information as at and for the year ended 31 December 2019) and the audit report thereon
“Capricorn Group 2021 Financial Statements”	the audited consolidated financial statements of the Capricorn Group as at and for the year ended 31 December 2021 (including unaudited comparative financial information as at and for the year ended 31 December 2020), and the audit report thereon

“Capricorn Group Annual Financial Statements”	the Capricorn Group 2019 Financial Statements, the Capricorn Group 2020 Financial Statements and the Capricorn Group 2021 Financial Statements
“Capricorn Group Financial Statements”	the Capricorn Group Annual Financial Statements, the Capricorn Group 2021 Financial Statements, the Capricorn Group 2020 Financial Statements and the Capricorn Group H1 2022 Financial Statements
“Capricorn Group H1 2022 Financial Statements”	the unaudited condensed consolidated financial statements of the Capricorn Group as at and for the six month period ended 30 June 2022 (including unaudited comparative financial information for the six month period ended 30 June 2021)
“Capricorn Group H1 2022 Results”	the announcement of the Capricorn Group’s results for the six months ended 30 June 2022 released by Capricorn on 6 September 2022
“Capricorn Group Restated 2021 Financial Statements”	the audited consolidated financial statements of the Capricorn Group as at and for the year ended 31 December 2021 (including unaudited comparative financial information as at and for the year ended 31 December 2020), each presented on a restated basis consistent with the accounting policies to be used in Capricorn’s next annual accounts, and a related SIR 2000 report
“Capricorn Group Restated H1 2022 Financial Statements”	the unaudited condensed consolidated financial statements of the Capricorn Group as at and for the six month period ended 30 June 2022 (including unaudited comparative financial information for the six month period ended 30 June 2021), each presented on a restated basis consistent with the accounting policies to be used in Capricorn’s next annual accounts
“Capricorn Group”	Capricorn and its subsidiaries and subsidiary undertakings
“Capricorn Long Term Incentive Plan 2017”	the long term incentive plan approved by Capricorn Shareholders on 19 May 2017
“Capricorn Mexico”	Capricorn Energy México, S. de R.L. de C.V.
“Capricorn Oil Group Pension Plan”	a defined contribution group personal pension plan in the UK
“Capricorn Oil”	Capricorn Oil Limited
“Capricorn Senegal”	Capricorn Senegal Limited
“Capricorn Shareholders”	the holders of Ordinary Shares registered on the register of members of the Company from time to time, and “Capricorn Shareholder” shall be construed accordingly
“Catcher/Kraken Interests”	the Capricorn Group’s interests in the Catcher/Kraken SPA as detailed in Schedule 2 of the Catcher/Kraken SPA
“Catcher/Kraken SPA”	the sale and purchase agreement entered into by Capricorn Energy UK Limited (previously known as Nautical Petroleum Limited) and WPL pursuant to which Waldorf agreed to acquire the Catcher/Kraken Interests, as more particularly described in paragraph 7.1(E) of Part XVIII (<i>Additional Information</i>)

“CGT”	capital gains tax
“Cheiron”	Cheiron Petroleum Corporation
“Chevron”	Chevron Mediterranean Ltd.
“Chevron Cyprus”	Chevron Cyprus Ltd.
“CIL”	Cairn India Limited
“Citla”	Citla Energy, B9, S.A.P.I DE C.V.
“Citla Agreement”	the arbitration agreement entered into by Capricorn Mexico and Citla on 18 September 2017, which formed part of a deed of assignment between both parties (among others)
“CLOA”	the capacity, lease and operatorship agreement between EMED and EMG
“CNS”	Capricorn North Sea Limited
“Code Offer Period”	any period of time during which (a) the Company is in an offer period (as defined in the Takeover Code); and (b) an offer (as defined in the Takeover Code) is reasonably in contemplation by the board of directors of the Company
“Combination”	the proposed combination of Capricorn with NewMed by way of a reverse takeover and in consideration for the allotment and issue of the New Ordinary Shares, in accordance with the terms of the Business Combination Agreement
“Combined Company”	Capricorn as it exists immediately following Completion, being the ultimate parent company of the Combined Group and with an issued share capital comprising the Existing Ordinary Shares and the New Ordinary Shares
“Combined Group”	the Combined Company and its direct and indirect subsidiaries as set out in paragraph 2 of Part I (<i>Letter from the Chair of Capricorn</i>)
“Combined Group Assets”	the Capricorn Assets and the NewMed Assets following Completion
“Comparator Group”	as more particularly described in paragraph 6.1 (C) of Part XVI (<i>Directors, Employees and Corporate Governance</i>)
“Completion”	completion of the Combination in accordance with the terms of the Business Combination Agreement
“Concentration Law”	the Law for Promotion of Competition and Reduction of Concentration 5774-2013
“Concert Party”	each member of: (i) the Delek Concert Party; and (ii) the Tshuva Concert Party
“Conditions”	the conditions to the implementation of the Combination, as set out in the Business Combination Agreement

“Costs Recovery”	expenditures made and obligations incurred in carrying out exploration, development and production operations out of the sales proceeds
“Council’s Resolution”	the March 2020 Addendum to the National Gas Authority Council Decision Regarding the Financing of Export Projects via the National Transmission System
“CPI”	Consumer Price Index
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations)
“CREST Manual”	the rules governing the operation of CREST as published by Euroclear
“CREST Member”	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)
“CREST Proxy Instruction”	a CREST message properly authenticated in accordance with Euroclear’s specifications and containing the information required for such instructions, as described in the CREST Manual
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755), as amended
“CSR”	corporate social responsibility
“Dalit Field”	the offshore gas field in Israel covered by the Dalit Lease
“Dalit Lease”	the lease No. I/13 “Dalit” for exploration and production of petroleum from the Dalit Field granted to the Tamar Partners on 2 December 2009
“DBP”	the Capricorn Energy PLC Deferred Bonus Plan
“DBP Awards”	Awards under the DBP
“Delek Concert Party”	has the meaning given to it in paragraph 1.3 of Part III (<i>Details of the Takeover Panel Rule 9 Waiver</i>) of this document
“Delek Energy”	Delek Energy Systems Ltd.
“Delek Group”	Delek Group Ltd.
“Delek Group Royalty Agreement”	the 1993 agreement between NewMed, Delek Energy and Delek Israel, as more particularly described in paragraph 7.4 of Part VI (<i>Information on the NewMed Group</i>)
“Delek Israel”	Delek The Israel Fuel Corporation Ltd.
“Delek Participation Units”	the 635,998,471 Participation Units controlled by Delek Group as at the date of the Delek Voting Undertaking
“Delek Royalties”	as more particularly described in paragraph 7.4 of Part VI (<i>Information on the NewMed Group</i>)

“Delek Voting Undertaking”	the irrevocable undertaking in favour of NewMed and Capricorn entered into by Delek Group on 29 September 2022 in connection with the exercise of its voting rights in respect of the Scheme, as more particularly described at paragraph 7.2(A) of Part XVIII (<i>Additional Information</i>) of this document
“Directors”	the directors of Capricorn from time to time (being, as at the date of this document, the individuals listed at paragraph 1.2 of Part XVI (<i>Directors, Employees and Corporate Governance</i>) of this document), and “Director” will be construed accordingly
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules made by the FCA under section 73A of FSMA, as amended from time to time
“Discounted Net Cost”	the remaining portion of each Leviathan Partner’s anticipated cost (before tax and discounted as appropriate) of the cessation of operations in the Leviathan Field after deducting salvage value
“Discounted Net Value”	the remaining value (after tax, royalties, imposts and levies and discounted as appropriate) of each Leviathan Partner’s estimated share of the Leviathan Field’s output after the estimated liabilities and expenses required to win, save and transport such production to the delivery point have been paid off
“Dividend Shares”	has the meaning given in paragraph 6.4 of Part XVI (<i>Directors, Employees and Corporate Governance</i>) of this document
“Dolphinus”	Dolphinus Holdings Limited
“DPP”	the Aphrodite development and production plan
“DVS”	Dor Valve Station
“EA Tariff”	the Israeli Electricity Authority tariff, as further described at Section B, paragraph 1 of the section of this document entitled “Risk Factors” and at paragraph 2(B) of Part X (<i>Operating and Financial Review Relating to the NewMed Group</i>)
“EA”	the Israeli Electricity Authority
“EAP”	the Economic Adjustment Programme
“EAPC”	the Europe-Asia Pipeline Company
“East Med Pipeline”	new offshore pipeline from Israel to Europe
“Economic Competition Law”	Economic Competition Law, 5748-1988
“EEAA”	Egyptian Environment Affairs Agency
“EEZ”	exclusive economic zone

“Effective Rate”	the method of calculating the market value of the State Royalties as more particularly described in paragraph 7.1 of Part VI (<i>Information on the NewMed Group</i>)
“EGPC”	the Egyptian General Petroleum Corporation
“EGPC Offtake Agreements”	the gas sales agreements between Capricorn and EGPC in respect of each Egypt concession, as more particularly described in paragraph 4.3 of Part V (<i>Information on the Capricorn Group</i>)
“Egypt Acquisition”	the agreement between Capricorn Egypt Limited and Cheiron Oil & Gas Limited, together with certain of Cheiron Energy’s subsidiaries to acquire the Egypt Concessions from the Shell Sellers
“Egypt Assets JOA”	the joint operating agreements in respect of the Egypt Concessions, as more particularly described in paragraph 4.2 of Part V (<i>Information on the Capricorn Group</i>)
“Egypt Buyers”	Capricorn Egypt Limited and Cheiron Oil & Gas Limited, together with certain of Cheiron Energy’s subsidiaries
“Egypt Closing Date”	24 September 2022
“Egypt Concessions”	the concessions granted by EGPC, as more particularly described in paragraph 2 of Part V (<i>Information on the Capricorn Group</i>)
“Egypt Consortium”	Capricorn Group and Cheiron Energy
“Egypt Export Permit”	a permit to export to Egypt gas produced from the Leviathan Lease Area and intended for use in the Egyptian domestic market and for export of LNG through the liquefaction facilities located in Egypt, granted to the Leviathan Partners on 16 December 2019 by the Petroleum Commissioner
“Egypt SPA”	the conditional sale and purchase agreement dated 8 March 2021 and entered into with Capricorn Egypt Limited and Cheiron Oil & Gas Limited, together with certain of Cheiron Energy’s subsidiaries
“Egyptian Receiving System”	facilities of the Leviathan Project used to produce and transport current gas production from the Leviathan Field
“Egyptian Constitution”	Egyptian Constitution of 2014 as amended in 2019
“EGAS”	the Egyptian state-owned holding company used by Egypt to hold and manage its stakes in gas projects
“Egyptian Western Desert Portfolio”	oil and gas production, development and exploration interests in the Western Desert, onshore The Arab Republic of Egypt acquired by the Capricorn Group on 24 September 2021
“EI”	Energy Infrastructures Ltd.
“EMED”	EMED Pipeline B.V.

“Emergency Regulations”	the Emergency Regulations in the Natural Gas Sector (Management of the Natural Gas Sector in a State of Emergency), 5777-2017
“EMG”	Eastern Mediterranean Gas Company S.A.E
“EMG Pipeline”	East Mediterranean Gas Company
“EMG Share Purchase Agreements”	the agreements more particularly described in paragraph 5.11(D) of Part VI (<i>Information on the NewMed Group</i>)
“Emission Permit”	an air emission permit for the Leviathan Platform, valid by law for a period of seven years until 2026
“Energean Loan”	the loan more particularly described in paragraph 5.11(C) of Part VI (<i>Information on the NewMed Group</i>)
“Energean”	Energean Israel Ltd.
“Eni Transaction”	the exchange between Capricorn Mexico and Eni México S. de R.L. de C.V. of their respective 15 per cent. equity interests in Blocks 9 and 10 offshore Mexico, pursuant to a farm-out agreement entered into on 6 August 2019
“Enlight”	Enlight Renewable Energy Ltd
“Environmental Report”	a strategic environmental assessment in connection with petroleum exploration and production activities in Cyprus and in the Cyprus exclusive economic zone, imposed by the Ministry of Energy on companies active in the oil and gas sector
“ESAS”	the Capricorn Energy PLC Employee Share Award Scheme (2015)
“ESAS Awards”	Awards under the ESAS
“Escrow Agent”	The Law Debenture Trust Corporation plc
“ESG”	environmental, social and governance
“EU”	the European Union
“euro” or “€”	the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended
“Euroclear”	Euroclear UK & Ireland Limited
“Euroclear Bank”	Euroclear Bank SA/NV
“Exclusive Operations”	operations in which not all of the Leviathan Partners take part and in which Leviathan Partners are prohibited from participating in under the Leviathan JOA
“Executive Director”	collectively, the Directors who hold the position of executive director, and “Executive Directors” shall mean any one of them
“Executive Plans”	the 2017 LTIP and the DBP

“Existing Section 102 Options”	the Section 102 Options granted to Yossi Abu, as described further at paragraph 3.2 of Part XVI (<i>Directors, Employees and Corporate Governance</i>)
“Exemption”	as more particularly described in paragraph 2.5 of Section A (<i>Israel</i>) of Part XVII (<i>The Combined Group’s Regulatory Environment</i>)
“Existing Capricorn Shareholders”	the holders of Ordinary Shares as registered on the register of members of the Company immediately prior to Completion
“Existing Ordinary Shares”	the Ordinary Shares in Capricorn in issue immediately prior to Completion (and, for the avoidance of doubt, excluding the New Ordinary Shares)
“Exploitation Licence”	a production and exploitation licence, granted by the Cypriot Republic to Aphrodite Partners for an initial development and production period of 25 years from the date of the approval
“Export Permit”	written approval from the Petroleum Commissioner with the approval of the Energy Minister relating to exportation of gas from the Leviathan Leases
“Export Resolution”	Resolution 442 on the export of natural gas, as adopted by Israel in January 2019
“FCA”	the Financial Conduct Authority of the United Kingdom
“Fuel Materials Law”	Egyptian Fuel Materials Law No. 66/1953 as amended and its Executive Regulations issued by Minister of Industry Decree No. 758/1972 as amended
“FRC”	Financial Reporting Council of the United Kingdom
“First Adjustment Date”	as more particularly described in paragraph 9 of the Risk Factors
“First Tamar Sale Agreement”	a sale and purchase agreement signed by NewMed and Tamar Petroleum Ltd, pursuant to which Tamar Petroleum Ltd. purchased a 9.25 per cent. interest in the I/12 Tamar and I/13 Dalit leases from NewMed, for a total of approx. US\$837 million in cash and the allotment of 19,990,000 ordinary shares of ILS 0.1 par value of Tamar Petroleum Ltd. to NewMed
“Floating Facility”	an independent floating and production and processing facility with a maximum production capacity of approximately 800 MMCF per day
“Free Shares”	has the meaning given in paragraph 6.4 of Part XVI (<i>Directors, Employees and Corporate Governance</i>) of this document
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time
“Further Participation Units”	any additional Participation Units which come into the control of Delek Group or its subsidiaries after the date of the Delek Voting Undertaking

“GANOPE”	Ganoube El-Wadi Petroleum Holding Company
“Gas Law”	the Natural Gas Sector Law, 5762-2002
“Gas Framework”	the resolution, adopted by the Israeli government in August 2015, providing a framework for increases in natural gas quantities produced from the Tamar Field and the expeditious development of certain natural gas fields offshore Israel, including, among others, Leviathan, Karish and Tanin
“Gas Reserves”	gas and condensate reserves
“Gas Regulations”	the regulations promulgated under the Natural Gas Sector Law, 5762-2002
“GCCSI”	Global Carbon Capture and Storage Institute
“General Meeting”	the general meeting of the Company proposed to be held at The Sheraton Grand Hotel, 1 Festival Square, Edinburgh EH3 9SR at 9.00 a.m. on 1 February 2023 to approve the Resolutions, the notice of which is contained in Part XXII (<i>Notice of General Meeting</i>) of this document
“General Partner”	NewMed Energy Management Ltd., a private company incorporated in the State of Israel, registered no. 511798407, whose registered office is at 19 Abba Eban Boulevard, Herzliya
“GP Interests”	the rights and obligations of the General Partner as set out in the partnership agreement of NewMed signed on 1 July 1993 (as amended from time to time), which, for the avoidance of doubt, includes a 0.01 per cent. equity interest in NewMed
“GRI”	the Global Reporting Initiative
“GSPA”	gas sale and purchase agreement
“Guarantee”	an autonomous, unconditional and irrevocable bank guarantee in favour of the State of Israel in the amount of US\$50 million for each of the Leviathan Leases (totalling US\$100 million, of which NewMed’s share is approximately US\$45.3 million), provided by the Leviathan Leaseholders
“H1 2022”	the period beginning 1 January 2022 and ending 30 June 2022
“H2 2022”	the period beginning 1 July 2022 and ending 31 December 2022
“Haifa Port”	Haifa Port Company Ltd.
“HSE”	health, safety and environment
“HFI”	historical financial information
“HSBC Corporate Trustee”	HSBC Corporate Trustee Company (UK) Limited
“IASB”	International Accounting Standards Board
“ICA”	Israeli Competition Authority

“ICS”	industrial control systems
“IEA”	the International Energy Agency
“IEC”	the International Electrotechnical Commission
“IEC Tender”	the IEC tender conducted in March 2019
“IFRS”	International Financial Reporting Standards as adopted in the UK
“ILS”	Israeli new shekel, the lawful currency of the State of Israel
“Indemnitees”	the Leviathan Operator and its affiliates, and their respective directors, officers, and employees
“Independent Shareholders”	those shareholders entitled to vote on the Rule 9 Resolution and/or the Buyback Waiver Resolution, being all shareholders other than Delek Group, Mr. Tshuva and each member of the Concert Party
“INGL”	Israel Natural Gas Lines Ltd
“INGL 2019 Agreement”	the interruptible gas transportation agreement, entered into by Chevron with INGL in May 2019 for the transport of gas from the Leviathan and Tamar Fields to the EMG terminal in Ashkelon
“INGL 2021 Agreement”	the firm gas transportation agreement dated 18 January 2021 between Chevron and INGL for the transport of gas from the Leviathan and Tamar Fields to the EMG terminal in Ashkelon
“INGL Connection Point”	the northern onshore entry point of the National Transmission System near Dor, Israel, to where gas flows from the Leviathan Platform
“INGL Grid”	the Israeli Natural Gas Lines system
“Interested Third Parties”	has the meaning given in paragraph 4 of Part I (<i>Letter from the Chair of Capricorn</i>)
“Investment Recovery Date”	as more particularly described in paragraph 2 G(ii) of Part X (<i>Operating and Financial Review Relating to the NewMed Group</i>)
“IOC”	International Oil Companies
“IPO”	initial public offering
“IPPs”	Independent Power Producers
“ISA”	Israel Securities Authority
“ISIN”	International Securities Identification Number
“Israeli Prospectus”	the prospectus and/or registration document and any ancillary documents to be made available and published by the Company, as required and approved by the ISA and the TASE, in respect of the offering of the New Ordinary Shares to the NewMed Unitholders and the listing of all the Existing Ordinary Shares and all of the New Ordinary Shares on the TASE pursuant to chapter E'3 of the Israeli Securities Law, 5728-1968 and regulations thereunder;

“Israeli Tax Ruling”	has the meaning given to it in paragraph 1 of Section B (<i>Israel Taxation</i>) of Part XV (<i>Taxation</i>)
“IT”	information technology
“ITA”	Israeli Tax Authority
“ITO”	the Israeli Income Tax Ordinance (New Version) 5721-1961, as amended, and all rules and regulations promulgated thereunder, as may be amended from time to time, including any publications and clarifications issued by the ITA;
“IITD”	Indian Income Tax Department
“JMA”	joint management agreement
“JML Security”	the security created in favour of HSBC Corporate Trustee, as Security Trustee on behalf of the Leviathan Partners, over JML’s rights under the NEPCO Export Agreement, the Letter of Credit provided under the NEPCO Export Agreement, the gas transportation agreement with INGL for the transmission of gas sold under the NEPCO Export Agreement to the Israeli-Jordanian border, and the account into which proceeds under the NEPCO Export Agreement are paid
“JML”	NBL Jordan Marketing Limited
“JOA”	joint operating agreement
“JOC”	joint operating company
“Jordanian Pipeline Grid”	the facilities used to transport gas and oil production as more particularly described in paragraph 8 of the Risk Factors
“Joint Account”	the joint account to which the obligations of the parties under the Leviathan Leases and all liabilities and expenses incurred by the Leviathan Operator in connection with Joint Operations will be charged
“Joint Operations”	means all operations approved or deemed to be approved and conducted in accordance with the Leviathan JOA, by or on behalf of all parties thereto
“Joint Property”	collectively, the interests in the Leviathan JOA and under the Leviathan Leases, all property acquired or held for use in connection with the Joint Operations
“J.P. Morgan”	J.P. Morgan Securities plc
“Junior Debt Borrowers”	Capricorn Egypt Limited and Cheiron Oil & Gas Limited
“Junior Debt Facility”	the US\$80 million subordinated term loan facility agreement entered into on 24 June 2021 by Capricorn Egypt Limited and Cheiron Oil & Gas Limited
“Junior Debt Facility Reduction Date”	as more particularly described in paragraph 7.1(H) of Part XVIII (<i>Additional Information</i>)

“Junior Debt Facility Relevant Date”	as more particularly described in paragraph 7.1(H) of Part XVIII (<i>Additional Information</i>)
“Junior Debt Lenders”	Deutsche Bank AG, Amsterdam Branch and Trafigura Ventures V B.V
“Karish and Tanin Royalties”	as more particularly described in paragraph 5.11(C) of Part VI (<i>Information on the NewMed Group</i>)
“Karish and Tanin Overriding Royalty Deed”	the deeds dated 16 August 2016 between Energean (as Grantee) and Delek Drilling and Grantee and Avner, respectively, concerning the grant of an overriding royalty over natural gas and condensate produced from the area covered by the Karish Lease and the Tanin Lease
“Karish Field”	the offshore gas fields in Israel covered by the Karish Lease
“Karish Lease”	the lease No. I/17 “Karish” for exploration and production of petroleum from the Karish Field granted to Energean Israel Ltd. on 25 April 2017
“Kraken PCG”	the deed of guarantee and indemnity dated 26 October 2021 under which the Company is the guarantor of the payment obligations of CNS and WPUK under the BBC
“Latest Practicable Date”	11 January 2023
“LCIA”	London Court of International Arbitration
“Letters of Approval”	any approval provided by the Petroleum Commissioner according to the Leviathan Leases
“Leviathan Bonds”	collectively, the US\$500,000,000 5.750% senior secured notes due 30 June 2023, US\$600,000,000 6.125% senior secured notes due 30 June 2025, US\$600,000,000 6.500% senior secured notes due 30 June 2027 and US\$550,000,000 6.750% senior secured notes due 30 June 2030, issued by Leviathan Bond Ltd. on 18 August 2020
“Leviathan Bonds Indenture”	the indenture, dated 18 August 2020, by and among Leviathan Bond Ltd., as issuer, and HSBC Bank USA, National Association, as trustee
“Leviathan Bonds Trustee”	HSBC Bank USA, National Association, as trustee
“Leviathan Deep”	an undiscovered prospective oil and gas accumulation located at Leases I/14 and I/15 of the Leviathan Field
“Leviathan Deep Project”	any project in connection with Leviathan Deep
“Leviathan Deep Resources Consultant’s Report”	the Resources Consultant’s Report dated 11 January 2023 prepared by the Resources Consultant in relation to Leviathan Deep, as set out in Section B of Part XIV (<i>Resources Consultant’s Reports on the NewMed Group</i>) of this document
“Leviathan Field”	as more particularly described in paragraph 5.2(A) of Part VI (<i>Information on the NewMed Group</i>)

“Leviathan Interest”	the 45.34 per cent. working interest (but not, for the avoidance of doubt, any additional working interests acquired thereafter) currently held by NewMed in the Leviathan Leases
“Leviathan JOA”	the agreement dated 31 August 2008 (as amended on 1 January 2012 and on 30 June 2016) originally among NewMed, Noble (now Chevron following acquisition of its parent company, Noble Energy Inc. by Chevron Corporation), Ratio and Avner Oil (which merged with NewMed Group in 2017) which governs the contractual relationship among the Leviathan Partners in respect of the joint operations carried out in relation to the Leviathan Field
“Leviathan Joint Operating Committee”	the committee established under the Leviathan JOA
“Leviathan Lease Area”	the Leviathan Field and its surrounding areas of approximately 500 km ²
“Leviathan Lease Term”	the term of the Leviathan Leases
“Leviathan Leaseholders” or “Leviathan Partners”	means NewMed, Ratio and Chevron, as registered in the Petroleum Registry
“Leviathan Leases”	the leases for No. I/14 “Leviathan South” and No. I/15 “Leviathan North” for the exploration and production of petroleum on 27 March 2014
“Leviathan Offtake Agreements”	the Offtake Agreements for the supply of natural gas from the Leviathan Field, as summarised in paragraph 5.6 of Part VI (<i>Information on the NewMed Group</i>)
“Leviathan Platform”	the Leviathan Production Platform
“Leviathan Project”	the Leviathan Field and the facility for the production of natural gas and condensate from the Leviathan Field, including all rights pursuant to the Leviathan Leases, the Platform Operating Permit, all other governmental approvals related thereto and the additional facilities acquired pursuant to the Leviathan JOA that are necessary to produce and transport natural gas from the Leviathan Field to the designated delivery points under the offtake agreements, as each relates to reserves of natural gas or gas condensate only
“Leviathan Resources Consultant’s Report”	the Resources Consultant’s Report dated 11 January 2023 prepared by the Resources Consultant in relation to Leases I/14 and I/15 of the Leviathan Field, as set out in Section A of Part XIV (<i>Resources Consultant’s Reports on the NewMed Group</i>) of this document
“Levy Payments”	the levy expected to be paid by NewMed pursuant to the Taxation of Profits From Natural Resources Law
“Levy” or “Taxation of Profits and Natural Resources Law”	the Israeli Taxation of Profits and Natural Resources Law, 5771-2011
“Liberty”	Liberty Mutual Insurance Europe SE

“LIBOR”	the London Interbank Offered Rate
“Limited Partner”	NewMed Energy Trusts Ltd, a private company incorporated in the State of Israel, registered no. 511803876, whose registered office is 19 Abba Eban Boulevard, Herzliya;
“Listing Rules”	the listing rules made by the FCA under section 73A of FSMA, as amended from time to time
“LNG”	liquid natural gas
“London Stock Exchange” or “LSE”	London Stock Exchange plc
“Longstop Date”	30 June 2023 (as may be extended pursuant to clause 9.4 of the Business Combination Agreement), or such later date as may be agreed between NewMed, the General Partner and Capricorn in writing
“LP Interests”	means the rights and obligations of the Limited Partner in its capacity as the sole limited partner of NewMed as set out in the partnership agreement of NewMed signed on July 1, 1993 (as amended from time to time)
“Majority Lenders”	as more particularly described in paragraph 7.1(I) of Part XVIII (Additional Information)
“Major Stockholders”	has the meaning given in paragraph 2.2(A) of Section B (<i>Israel Taxation</i>) of Part XV (<i>Taxation</i>)
“Make-Up Period”	an agreed upon period after the end of the relevant year to receive gas, as more particularly described in paragraph 4.3 of Part V (<i>Information on the Capricorn Group</i>) and paragraph 5.7 of Part VI (<i>Information on the NewMed Group</i>)
“Maritime Agreement”	The maritime agreement between Israel and Lebanon as more particularly described in paragraph 2.6 of Part XVII (<i>The Combined Group’s Regulatory Environment</i>)
“Market Abuse Regulation”	the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended)
“Matching Shares”	has the meaning given in paragraph 6.4 of Part XVI (Directors, Employees and Corporate Governance) of this document
“MENA”	the Middle East and North Africa
“Minimum Quantity for the Domestic Market”	500 BCM, the quantity of natural gas required to be secured for the Israeli domestic market
“Minimum Work Obligations”	has the meaning given to it in paragraph 5.5(C) of Part VI (<i>Information on the NewMed Group</i>)
“MPMR”	the Egyptian Ministry of Petroleum and Mineral Resources

“MoF”	the Norwegian Ministry of Finance
“Morgan Stanley”	Morgan Stanley & Co. International plc
“MOU”	the memorandum of understanding signed on 15 June 2022 between Israel, Egypt and the EU, regarding collaboration in the trade, transport and export of natural gas to EU countries
“MPE”	the Norwegian Ministry of Petroleum & Energy
“Mr. Tshuva”	Mr Itshak Sharon Tshuva
“NAES”	North Alam El Shawish
“Natural Resources Levy”	the progressive levy on profits derived from the sale of petroleum, imposed by the Israeli Taxation of Profits from Natural Resources Law 5771-2011, enacted in 2011
“NEAG”	North East Abu Gharadig
“NEPCO”	the National Electric Power Company of Jordan
“NEPCO Export Agreement”	the export Leviathan Offtake Agreement for the sale of natural gas to an offtaker in Jordan
“New Ordinary Shares”	the Ordinary Shares to be allotted and issued to each NewMed Unitholder (or their nominees, as the case may be) for each Participation Unit held by such NewMed Unitholders at the Scheme Record Date and the Ordinary Shares issued to the General Partner, and in each case in accordance with the terms of the Business Combination Agreement
“NewMed”	NewMed Energy – Limited Partnership, a public limited partnership (within the meaning thereof in the Partnerships Ordinance (New Version) 5735-1975 incorporated in the State of Israel, registered no. 550013098, whose registered office is at 19 Abba Eban Boulevard, Herzliya
“NewMed Assets”	the Leviathan Project, the Aphrodite Project, the Karish and Tanin Royalties and the Yam Tethys Project
“NewMed Directors”	means Gabriel Last, Idan Wallace, Leora Pratt Levin, Tamir Polikar, Jacob Zack, Amos Yaron and Efraim Sadka, and “NewMed Director” means any one of them
“NewMed Financial Statements”	the audited consolidated historical financial information of NewMed as at and for the nine month period ended 30 September 2022 (including unaudited comparative financial information for the period ended 30 September 2021) and for the three years ended 31 December 2021, 31 December 2020 and 31 December 2019, and a related SIR 2000 report
“NewMed Group”	means NewMed and each person that is controlled by NewMed from time to time
“NewMed Options Plan”	means the stock options plan adopted by NewMed on 27 July 2022, pursuant to section 102 of the Israeli Income Tax

	Ordinance (New Version) 5721-1961, as amended (and all rules and regulations promulgated thereunder, as may be amended from time to time, including any publications and clarifications issued by the ITA)
“NewMed RCRs”	the resources consultant’s reports relating to the NewMed Group, as set out in Part XIV (<i>Resources Consultant’s Reports on the NewMed Group</i>) of this document
“NewMed Unitholders”	the holders of Participation Unit(s) from time to time, and “NewMed Unitholder” shall be construed accordingly
“NewMed Energy”	NewMed Energy Management Ltd
“NGA”	the Natural Gas Sector Authority
“NGA Director”	the Director General of the Natural Gas Authority
“Nil Rate Amount”	has the meaning given to it in paragraph 2.1 of Section A (<i>United Kingdom Taxation</i>) of Part XV (<i>Taxation</i>)
“Noble”	Noble Energy Mediterranean Limited
“Nomination Committee”	the nomination committee constituted by the Board in accordance with the Corporate Governance Code and the Listing Rules from time to time
“Non-Executive Directors”	collectively, the Directors who hold the position of Chair or non-executive director, and “Non-Executive Director” shall mean any one of them
“Notice of General Meeting”	the notice of General Meeting contained in Part XXII (<i>Notice of General Meeting</i>) of this document
“Nova Farm-Out Agreement”	the Farm-Out Agreement entered into on 5 August 2019 with Cairn Norge AS and ONE-Dyas Norge AS
“NSI Act”	the UK National Security and Investment Act 2021
“NTS Expansion”	expansion by INGL of the capacity in the southern part of the National Transmission System, under the terms of the INGL 2021 Agreement
“Official List”	the official list maintained by the FCA pursuant to Part VI of FSMA
“Offtake Agreement”	an agreement to purchase all or a substantial part of the output or product produced by a project and “Offtake Agreements” shall be construed accordingly
“Offshore Regulations”	the Israeli Petroleum Regulations (Principles of Offshore Petroleum Exploration and Production) 5777-2016
“OISTD”	Offtake Intercreditor and Security Trust Deed Agreement
“ONHYM”	the Moroccan National Office of Hydrocarbons and Mines (<i>Office National des Hydrocarbures et des Mines</i>)

“OPEC”	the Organization of the Petroleum Exporting Countries
“Options”	nil or nominal cost options granted under the 2017 LTIP
“Option Plans”	the Approved Option Plan and the Unapproved Option Plan
“Ordinary Shares”	ordinary shares of 21/13 pence each in the capital of Capricorn and, following Completion, in the capital of the Combined Company from time to time (including Existing Ordinary Shares and, once issued, the New Ordinary Shares)
“ORL”	Haifa Oil Refineries Ltd.
“Other Resolutions”	all resolutions set out in Part XXII (<i>Notice of General Meeting</i>) excluding the Transaction Resolutions, being those resolutions set out at Resolutions 5 to 10 at Part XXII (<i>Notice of General Meeting</i>)
“Overriding Royalties”	the contractual overriding royalties payable to the Royalty Holders in relation to the Leviathan Leases and in Block 12 in Cyprus, and with respect to the petroleum assets in which NewMed may have interests in the future, at rates which are specified in the relevant royalties agreements, on the petroleum produced and utilised from the relevant asset in respect of the NewMed Group’s interest in those assets
“Palliser”	Palliser Capital Master Fund Ltd
“Participating Interests”	the undivided interest of each Leviathan Partner in the rights and obligations derived from their interest in the Leviathan JOA and the contracts thereunder, pursuant to the Leviathan JOA, as amended in February 2012 (effective from 1 January 2012)
“Participation Units”	the participation units issued by the Limited Partner to the public which confer a pro rata right to participate in the Limited Partner’s interests in NewMed
“Partnership Shares”	has the meaning given in paragraph 6.4 of Part XVI (Directors, Employees and Corporate Governance) of this document
“PDMR”	Persons Discharging Managerial Responsibilities of the Capricorn Group
“Performance Milestones”	the performance milestones as more particularly described in paragraph 5.10(A)(i) of Part VI (<i>Information on the NewMed Group</i>)
“Petroleum Commissioner”	the petroleum commissioner appointed pursuant to the Petroleum Law of Israel, as more particularly described in paragraph 1.1 of Section A (<i>Israeli</i>) of Part XVII (<i>The Combined Group’s Regulatory Environment</i>)
“Petroleum Council”	the Petroleum Council that advises the Minister of Energy and the Petroleum Commissioner of Israel
“Petroleum Law”	the Israeli Petroleum Law 5712-1952

“Petroleum Register”	a register of petroleum rights open for inspection by the public, in which shall be recorded all applications for petroleum rights and all licences, leases and land leases granted under the Petroleum Law
“Petroleum Regulations”	the Petroleum Regulations 5713-1953
“PFIC”	passive foreign investment company
“Platform Operating Permit”	the permit for the operation of a natural gas production and processing platform from the Leviathan Leases granted by the Petroleum Commissioner on 19 December 2019, to the holders of the Leviathan Leases
“PPCA”	the Powering Past Coal Alliance
“PPS”	post-programme surveillance
“PRA”	the Prudential Regulation Authority of the United Kingdom
“Presumption 1”	the presumption applied in the Takeover Code that a company is acting in concert with its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, with the test of associated company status being “ownership or control of 20 per cent. or more of the equity share capital” of a company
“Price Order”	the Law to Natural Gas and Determination of the Level of Control) Order 5773-2013 published in April 2013
“Principal Shareholders”	Delek Group, Delek Energy and Mr. Tshuva
“Principles of Offshore Petroleum Exploration and Production”	the Petroleum Regulations 5777-2016
“PRMS”	the Petroleum Resources Management System
“Products and Services Price Control Order”	the Products and Services Price Control Order (Application of the Law to Natural Gas and Determination of Level of Control), 5773-2013
“Profit Gas”	as more particularly described in paragraph 5.10(A)(ii) of Part VI (<i>Information on the NewMed Group</i>)
“Proportion Adjustment”	has the meaning given to it in paragraph 1.2 of Section B (<i>Israel Taxation</i>) of Part XV (<i>Taxation</i>)
“Proposed Directors”	the individuals listed in paragraph 1.3 of Part XVI (<i>Directors, Employees and Corporate Governance</i>)
“Prospectus Delegated Regulation”	Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the UK Prospectus Regulation, which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended)

“Prospectus Regulation Rules”	the prospectus regulation rules made by the FCA under section 73A of FSMA, as amended from time to time
“PUAE”	the Israeli Electricity Authority
“Purchaser Discretionary Share Incentive Plans”	the 2017 LTIP, the 2009 LTIP, the ESAS, the Option Plans and any other incentive plan of a similar nature to the foregoing adopted or approved by a member of the Capricorn Group
“PwC”	PricewaterhouseCoopers LLP
“Q1 2022”	the period beginning 1 January 2022 and ending 30 March 2022
“Q2 2022”	the period beginning 1 April 2022 and ending 30 June 2022
“Ratio”	Ratio Energies Limited Partnership
“Readmission”	the readmission of the Existing Ordinary Shares to listing on the premium segment of the FCA’s Official List in accordance with paragraph 5.6.1R of the Listing Rules and to trading on the LSE’s main market for listed securities in accordance with paragraph 2.1 of the Admission Standards
“Regional Market”	the domestic Israeli market, Egypt and Jordan
“Registrars”	Equiniti Limited
“Relationship Agreement”	the relationship agreement entered into between the Company and Principal Shareholders on 29 September 2022, as more particularly described at paragraph 7.1(B) of Part XVIII (<i>Additional Information</i>)
“Relevant Dividend Income”	has the meaning given to it in paragraph 2.1 of Section A (<i>United Kingdom Taxation</i>) of Part XV (<i>Taxation</i>)
“Remuneration Committee”	the remuneration committee of the board of directors of Capricorn or such other committee or persons of Capricorn or the Capricorn Group who has authority to exercise any discretion under the terms of the Purchaser Discretionary Share Incentive Plans from time to time
“Remuneration Policy”	the Company’s remuneration policy as approved by Capricorn Shareholders at its 2020 Annual General Meeting
“Remuneration Policy Amendment”	the amendment to the Remuneration Policy set out at paragraph 9.4 of Part II (<i>Principal Terms and Conditions of the Combination</i>)
“Remuneration Policy Terms Amendment”	the amendment to the Remuneration Policy set out at paragraph 3.2 of Part XVI (<i>Directors, Employees and Corporate Governance</i>)
“Requisition Notice”	the notice received by the Company at its registered offices on 21 December 2022, as described in paragraph 1 of Part I (<i>Letter from the Chair of Capricorn</i>)

“Requisitioned General Meeting”	the separate general meeting to be held in relation to the Requisitioned Resolutions, details of which are set out in paragraph 1 of Part I (<i>Letter from the Chair of Capricorn</i>)
“Requisitioned Resolutions”	has the meaning given to it in paragraph 1 of Part I (<i>Letter from the Chair of Capricorn</i>)
“Reserves”	those quantities of petroleum anticipated to be commercially recoverable from known accumulations by application of development projects from a given date forward under defined conditions
“Resolutions”	the Transaction Resolutions and the Other Resolutions
“Resources Consultant’s Reports”	collectively, the Leviathan Resources Consultant’s Report, the Leviathan Deep Resources Consultant’s Report and the Aphrodite Resources Consultant’s Report
“Resources Consultant”	Netherland, Sewell & Associates, Inc.
“Restricted Territory”	has the meaning given to it on page 2 of this document
“Restriction Period”	the two years commencing on completion of the Combination in accordance with the terms of the Business Combination Agreement
“Retention Bonus”	has the meaning given to it in paragraph 3.2 of Part XVI (<i>Directors, Employees and Corporate Governance</i>)
“RFCT”	the Ring Fence Corporation Tax
“RFES”	the UK ring fence expenditure supplement
“RIS”	the Regulatory Information Service
“Rothschild & Co”	N. M. Rothschild & Sons Limited
“Royalties Agreements”	as more particularly described in paragraph 7.4 of Part VI (<i>Information on the NewMed Group</i>)
“Royalties Guidelines”	the general guidelines for calculating the market value of the royalties at the wellhead regarding offshore petroleum rights under the Petroleum Law, as published by the Egyptian Ministry of Energy in May 2020
“Royalty Holders”	a wholly owned subsidiary of Delek Group and certain third parties who have rights to royalties under the Royalties Agreements
“RSSD”	Rufisque Offshore, Sangomar Offshore and Sangomar Deep Offshore
“Rule 9 Resolution”	the resolution to be put to the Independent Shareholders at the General Meeting, voting on a poll, to approve a waiver by the Takeover Panel of any obligation which might fall on any person or any person acting in concert with that person to make a general offer for Capricorn pursuant to Rule 9 of the Takeover

Code as a result of the issue of the New Ordinary Shares (being Resolution 2 in the Notice of General Meeting set out at Part XXII (*Notice of General Meeting*) of this document)

“Rule 9 Waiver”

the waiver expected to be granted by the Takeover Panel, subject to the passing of the Rule 9 Resolution, of the obligations which may otherwise arise pursuant to Rule 9 of the Takeover Code for Delek Group, Mr. Tshuva or any member of the Concert Party to make a general offer for the entire issued share capital of Capricorn as a result of the issue to such persons of the New Ordinary Shares pursuant to the Business Combination Agreement

“SASB”

the Sustainability Accounting Standards Board

“Scheme Circular”

the set of documents to be sent to NewMed Unitholders setting out, amongst other things, the Scheme, the notices convening the Unitholder General Meeting, the Israeli Prospectus (or any part of it) and related documentation

“Scheme Record Date”

10.00 a.m. (Tel Aviv) on a date which is one TASE trading day following the last day on which the Participation Units trade on the TASE, as described in the Scheme Circular

“Scheme”

the scheme of arrangement pursuant to sections 350-351 of the Israeli Companies Law substantially on the terms and conditions set out in Schedule 1 to the Business Combination Agreement (as may be amended pursuant to clause 2.16 of the Business Combination Agreement), pursuant to which Capricorn shall acquire all of the partnership interests in NewMed in return for the issue of New Ordinary Shares, in accordance with the terms of the Business Combination Agreement and the court order(s) sanctioning the Scheme

“SCT”

Supplementary Tax Charge

“SDRT”

Stamp Duty Reserve Tax in the United Kingdom

“SEC”

the US Securities and Exchange Commission

“Second Adjustment Date”

as more particularly described in paragraph 13 of Section B of the section of this document entitled “Risk Factors”

“Second Tamar Sale Agreement”

an agreement entered into by NewMed on 2 September 2021 for the sale of NewMed’s remaining 22 per cent. interest in the Tamar and Dalit Leases to Tamar Investment 1 RSC Limited and Tamar Investment 2 RSC Limited for a total consideration of approximately US\$969 million

“Section 102 Options”

options granted and subject to Taxes pursuant to Section 102 of the Israeli Income Tax Ordinance (New Version), 5721-1961

“Senegal Sale Interests”

Senegal’s undivided legal and beneficial interest in the RSSD PSC and a corresponding proportion of the legal and beneficial right, title and interest in and under the RSSD JOA

“Senegal SPA”

sale and purchase agreement entered into on 4 September 2020 between Capricorn Senegal, Woodside Energy (Senegal) B.V. and Capricorn

“Senior Managers”	Simon Thomson, James Smith, Paul Mayland and Eric Hathon
“Shell Sellers”	Shell Egypt N.V. and Shell Austria GmbH
“Shell”	Royal Dutch Shell plc and/or its subsidiaries, as applicable
“SIP”	the Capricorn Energy PLC 2010 Share Incentive Plan
“SIP Trust”	the UK-resident trust through which the SIP operates
“SOA”	S.O.A. Energy Israel Ltd.
“SPE”	the Society of Petroleum Engineers
“Special Bonus”	has the meaning given to it in section 3.2 of Part XVI (<i>Directors, Employees and Corporate Governance</i>)
“Special Dividend Record Date”	the record date for determining the entitlement of Capricorn Shareholders to the Special Dividend, which will be shortly before Completion and which will be notified to Capricorn Shareholders by Capricorn in due course
“Special Dividend”	the special cash dividend to be paid out to the Capricorn Shareholders on Capricorn's register of members as at the Special Dividend Record Date, subject to and to be paid immediately before Completion
“Specific Directives”	specific directives regarding the method of calculation of the royalty value at the wellhead in the Leviathan Project, released by the Director of Natural Resources at the Ministry of Energy on 24 July 2022
“Sponsor”	N.M. Rothschild & Sons Limited
“Sponsor Loans”	loans made by Leviathan Bond Ltd. to NewMed in amounts equal to the gross principal amount of each series of Leviathan Bonds totalling US\$2.25 billion, as more particularly described in paragraph 7.2(H) of Part XVIII (<i>Additional Information</i>)
“Sponsor Loan Agreement”	the loan agreement among Leviathan Bond Ltd., NewMed and HSBC Bank USA, National Association, as trustee, dated 18 August 2020, as more particularly described in paragraph 7.2(H) of Part XVIII (<i>Additional Information</i>)
“Sponsor Notes”	a promissory note issued by NewMed with respect to each of the Sponsor Loans, as more particularly described in paragraph 7.2(H) of Part XVIII (<i>Additional Information</i>)
“State Royalties”	the state royalties payable to the State of Israel pursuant to provisions of the Petroleum Law
“Supervisors”	each of Fahn Kanne & Co., Accountants and Keidar Supervision & Management, each acting in its capacity as supervisor of NewMed or any replacement supervisor(s) of NewMed from time to time
“TACT-Institutional”	the TACT-Institutional system of TASE

“Takeover Code”	the UK City Code on Takeovers and Combinations, as amended from time to time
“Takeover Panel”	UK Panel on Takeovers and Mergers
“Tamar-BOE GSPA”	a GSPA entered into by Tamar Partners with Dolphinus for the sale of gas from the Tamar Field to Egypt in parallel to the Leviathan Partners, which was assigned to BOE in June 2020
“Tamar Bonds”	as more particularly described in paragraph 17(C)(ii) of Section B of Part XII (<i>Historical Financial Information relating to the NewMed Group</i>)
“Tamar Effective Date”	1 August 2021
“Tamar Field”	the offshore gas field in Israel covered by the Tamar Lease
“Tamar FUA”	Facilities Usage Agreement dated 23 July 2012 among the Tamar Partners and the Yam Tethys Partners, as amended
“Tamar Investment Recovery Date Dispute”	the dispute described more particularly in paragraph 15 of the Risk Factors
“Tamar IPO”	the issue of shares of Tamar Petroleum in July 2017 as more particularly described in paragraph 9.2(D) of Part XVIII (<i>Additional Information</i>)
“Tamar Lease”	the lease No. I/12 “Tamar” for exploration and production of petroleum from the Tamar Field granted to the Tamar Partners on 2 December 2009
“Tamar Partners”	Chevron, Isramco-Negev 2 Limited Partnership, Tamar Petroleum Ltd., Tamar Investment 1 RSC Limited, Tamar Investment 2 RSC Limited, Dor Gas Exploration Limited Partnership, Everest Infrastructures Limited Partnership (and, formerly, NewMed)
“Tamar Petroleum”	Tamar Petroleum Ltd
“Tamar Project”	(i) the Tamar Field, Tamar Lease, the Tamar joint operating agreement, other project agreements, Tamar facilities, and the Tamar gas sale and purchase agreements and (ii) the Dalit Field and the Dalit Lease
“Tamar Purchasers”	Tamar Investment 1 RSC Limited and Tamar Investment 2 RSC Limited
“Tanin Field”	the offshore gas fields in Israel covered by the Tanin Leases
“Tanin Lease”	the lease No. I/16 “Tanin” for exploration and production of petroleum from the Tanin Field granted to Energean Israel Ltd. on 25 April 2017
“TASE”	Tel Aviv Stock Exchange
“TASECH”	Tel Aviv Stock Exchange Clearing House
“Taxable Portion”	has the meaning given to it in paragraph 1.2 of Section B (<i>Israel Taxation</i>) of Part XV (<i>Taxation</i>)
“TCFD”	the Task Force on Climate-Related Financial Disclosure

“Termination Date”	the termination date for the supply of gas by the Leviathan Partners under the BOE Export Agreement, falling on 31 December 2034 or until BOE has nominated the full TCQ (whichever is earlier)
“Third Gathering Line”	has the meaning given to it in paragraph 3.6(A) of Part VI (<i>Information on the NewMed Group</i>)
“this document” or the “Combined Prospectus and Circular”	this combined prospectus and circular dated 13 January 2023
“TOP Quantity”	the minimum quarterly or annual quantity of gas that BOE has undertaken to take-or-pay, in accordance with the mechanisms as stipulated in the BOE Export Agreement
“Trafigura Offtake and Marketing Agreement”	the offtake agreement entered into on 24 June 2021 by Capricorn Egypt Limited and Cheiron Oil & Gas Limited as sellers, pursuant to which Trafigura Pte Ltd agreed to market, purchase and lift 50 per cent. of the sellers’ crude oil entitlement arising from certain of the sellers’ interests in the Egyptian Western Desert Portfolio
“Transaction Resolutions”	the resolutions relating to: (i) the Combination on the terms set out under the Business Combination Agreement; (ii) the Rule 9 Resolution; (iii) the authorisation of the Directors to allot the New Ordinary Shares; and (iv) the approval of the aggregate principal amount of moneys borrowed by the Company as at Completion exceeding the borrowing limit specified in the Articles, being those resolutions set out at Resolutions 1 to 4 at Part XXII (<i>Notice of General Meeting</i>)
“Transfer Guidelines”	the guidelines on the transfer and pledge of petroleum rights, regulating the procedures for submitting applications to transfer petroleum rights, as published by the Petroleum Commissioner
“Troika”	the European Central Bank, the European Commission and the International Monetary Fund
“Trust Agreement”	the trust agreement entered into between the Limited Partner and the Supervisors, according to which the Limited Partner serves as trustee and holds its partnership interests in NewMed in trust for the benefit of NewMed Unitholders
“Tshuva Concert Party”	has the meaning given to it in paragraph 1.3 of Part III (<i>Details of the Takeover Panel Rule 9 Waiver</i>) of this document
“TSR”	total shareholder return
“US Securities Act”	the United States Securities Act of 1933, as amended from time to time
“UK-adopted IAS”	UK-adopted International Accounting Standards
“UK Corporate Governance Code”	the corporate governance code issued by the Financial Reporting Council in the United Kingdom from time to time

“UK Holders”	has the meaning given to it in Section A of Part XV (<i>Taxation</i>)
“UK-India Treaty”	UK-India Bilateral Investment Treaty
“UK Prospectus Regulation”	the UK version of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended)
“Unapproved Option Plan”	the Capricorn Energy PLC Unapproved Share Option Plan (2009)
“Unaudited Pro Forma Financial Information”	the Unaudited Pro Forma Income Statement and the Unaudited Pro Forma Statement of Net Assets
“Unaudited Pro Forma Income Statement”	the unaudited pro forma income statement of the Combined Group prepared on the basis of the audited consolidated income statements of both the Capricorn Group and NewMed Group for the year ended 31 December 2021
“Unaudited Pro Forma Statement of Net Assets”	the unaudited pro forma statement of net assets of the Combined Group prepared on the basis of the unaudited consolidated balance sheet of the Capricorn Group as at 30 June 2022
“Unexercisable Awards”	any option granted under any of the Purchaser Discretionary Share Incentive Plans that is not exercisable, whether because it is unvested or it is subject to a holding period under the relevant rules
“Unitholder General Meeting”	the meeting of NewMed Unitholders or of any class or classes thereof to be convened by an order of the Court under section 350 of the Israeli Companies Law to approve the Scheme
“Unitholder Record Date”	the record date for determining the entitlement of NewMed Unitholders to the New Ordinary Shares, expected to be shortly before Completion and notified to NewMed Unitholders by NewMed in due course
“UNSDGs”	United Nations Sustainable Development Goals
“US\$”, “US dollars” or “USD”	the United States dollars, the lawful currency for the time being of the US, and references to “cents” shall be construed accordingly
“VAT”	value added tax
“Ventures”	the consolidation of the ventures operating in the Leviathan Leases for the purposes of the Taxation of Profits from Natural Resources Law, in accordance with the approval of the Israel Tax Authority
“Waldorf”	Waldorf Production UK plc
“WEP”	Waldorf Energy Partners Limited
“Western Desert”	the Western Desert area of Egypt

“WI”	working interest
“Woodside”	Woodside Energy (Senegal) B.V.
“World Bank Zero Routine Flaring by 2030”	the World Bank’s “Zero Routine Flaring by 2030” initiative
“WPL”	Waldorf Production Limited
“WPUK”	Waldorf Production UK Limited
“Yam Tethys Facilities”	the Yam Tethys facilities including a fixed off-shore platform for initial gas processing and treatment, a 30-inch diameter pipeline from the platform to shore (approximately 40 km in length) and an onshore terminal close to Ashdod Port for further treatment and connection to the Israeli national gas grid
“Yam Tethys Project”	the Noa Field, which was discovered in 1999 and was the first commercial gas discovery offshore Israel; the Mari-B Field, discovered in 2000; and its satellite reservoir, Pinnacles, discovered in 2012
“Yishai Licence”	the Israeli Yishai/370 licence

References to time in this document are to London, United Kingdom time unless otherwise stated.

Part XX

Glossary of Technical Terms

The following definitions shall apply to the technical terms used in this document. Definitions in respect of technical terms used in the NewMed RCRs can be found therein.

“1P reserves”	proven reserves
“2P reserves”	proven plus probable reserves
“3P reserves”	proven plus unproven reserves
“1C resources”	low estimate of contingent resources
“2C resources”	best estimate of contingent resources
“3C resources”	high estimate of contingent resources
“1U resources”	low estimate of prospective resources
“2U resources”	best estimate of prospective resources
“3U resources”	high estimate of prospective resources
“ACQ”	the annual contract quantity
“BCM”	billion cubic meters of natural gas
“Block 12”	the Aphrodite Field and surrounding area of approximately 386 km ²
“Block 72”	the area over which the Alon D exploration licence extends
“blue hydrogen”	hydrogen produced from natural gas reforming, with the carbon dioxide generated in the process captured and used for industrial purposes or stored underground
“boe”	barrels of oil equivalent
“boepd”	barrels of oil equivalent per day
“Brent”	crude oil made from a blend of crudes from 19 oil fields in the North Sea
“Contingent resources”	those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development project(s) not currently considered to be commercial owing to one or more contingencies, as defined by the 2018 PRMS
“Cost Gas”	a rate not to exceed 55 per cent. of the proceeds from gas sales
“CPS”	Central Production Station
“CVS”	Coastal Valve Station
“Dated Brent”	the formula used to determine prices of Brent
“DCF Data”	the discounted cash flow data in respect of the NewMed Group’s 45.34 per cent. working interest in the Leviathan Field

“DSM”	the domestic supply module
“E&P”	exploration and production
“EPF”	early production facility
“FGRU”	flare gas recovery unit
“First Layer”	first 350,000 MMBTU of available capacity in the EMG Pipeline
“FLNG”	a floating liquefaction facility
“floor price”	minimum unit sale prices included in pricing formulas
“green hydrogen”	hydrogen produced from electrolysis of water, where the electricity required for the process is supplied by renewable energy sources, such as solar energy and wind energy.
“kWh”	kilowatt-hour
“LSM”	liquids supply module
“mcf”	the volume of 1,000 cubic feet
“mmboe”	million barrels of oil equivalent
“mmscf/d”	million standard cubic feet per day
“natural gas quantity”	means the quantity of natural gas in the 2P and 2C categories in the aggregate
“NPV-10 of 2P Reserves”	net present value of 2P Reserves
“Phase 1B”	in relation to the Leviathan Project, the phase designed to enable additional export capacity, as more particularly described in paragraph 3.6 (A) of Part VI (<i>Information on the NewMed Group</i>)
“PIIP”	is all quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, discovered and undiscovered, before production
“Pre-FEED”	a preliminary step taken before basic engineering level work
“prospective resources”	quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects
“Regional Export Module” or “REM”	the expansion of the Leviathan Platform’s processing capabilities by an additional approximate 9 BCM per year to a total processing capacity of approximately 21 BCM per year (2.1 BCF/D)
“R-factor mechanism”	a ratio between the net aggregate cash receipts from customers from a project and the aggregate investments at the project as defined in the Taxation of Profits from Natural Resources Law
“Second Layer”	the capacity above the First Layer, up to 200,000 MMBTU, in the EMG Pipeline

“TCQ”	total contract quantity
“WAFV”	the weighted average fair value
“WAGP/WAEP”	the weighted average grant or exercise price

Part XXI
Capricorn's HSE, CSR and ESG Policies

This part of the Combined Prospectus and Circular sets out Capricorn's Corporate Environment and Climate Change Policy, Corporate Social Responsibility Policy and Corporate Health, Safety & Security Policy.

SECTION A
CAPRICORN'S CORPORATE ENVIRONMENT AND CLIMATE CHANGE POLICY

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CORPORATE ENVIRONMENTAL & CLIMATE CHANGE POLICY (CECP)

Capricorn is committed to sustainable environmental management applying high standards of practice for protecting and enhancing the environment. We will develop and communicate clear positions on climate change, energy transition and biodiversity in line with, or ahead of international targets and good practice. We will implement our management system to continually improve performance in accordance with international codes and standards, including working with host governments to meet their (NDCs) under the Paris Agreement.

Environmental Management

Our documented management system will:

- Promote, enhance and sustain a strong culture of environmental management demonstrating visible leadership at all levels.
- Comply with applicable national and international environmental laws, regulations and standards.
- Identify, evaluate and manage environmental, climate and biodiversity hazards and risks applying a precautionary approach and manage such risks to as low as reasonably practicable (ALARP) using Best Available Techniques, where available and without compromising wellbeing.
- Ensure we put in place and implement site specific Environmental Management Plans.
- Ensure that we have the competent resources necessary to achieve and actively promote our environmental and biodiversity commitments including sharing of environmental knowledge, training our people and improving awareness of our stakeholders.
- Set objectives and targets for improving environmental management and performance including monitoring and reporting openly on our assessment of risk and impacts and our performance.
- Prevent pollution and ensure that an appropriate emergency response capability is in place and regularly tested, so that environmental incidents can be responded to in a timely and effective manner should they occur.
- Ensure that environmental accidents, incidents, near misses and non-compliances with procedures are reported and investigated, lessons are shared and embedded in policies, standards and procedures to enable corporate learning.
- Ensure that contractors are aware of and comply with our environmental policies and standards and where necessary, work with our contractors to raise their standards to meet our requirements, assessing and auditing their systems and performance.
- Use our leverage and influence with contractors and business partners to promote high standards of environmental management.

Climate Change and Energy Transition

Capricorn is committed to achieving continuous reductions towards Net Zero carbon emissions, we will:

- Publish and report against clear emission reduction targets on defined timelines in support of the Paris Agreement as approved by our Board and we will accelerate achieving them where we can.
- Apply a preferred carbon removal hierarchy namely Avoid-Reduce-Substitute-Sequester-Offset in achieving Net Zero for our Scope 1 and Scope 2 greenhouse gas emissions.
- Assess climate change risks and opportunities for all projects, ensuring they are integrated into our business decisions.
- Report transparently on risks and opportunities over the short, medium and long-term in-line with the Task Force on Climate-related Financial Disclosure (TCFD) requirements.
- Reduce and minimise greenhouse gas emissions wherever possible in all stages of the oil and gas lifecycle including project design, commissioning, operation and decommissioning without compromising the safety of people and communities.
- Promote efficient operations including use of energy and water and reducing waste with the aim of conserving natural resources.
- Use appropriately certified carbon offsets and report as part of our Net Zero strategy.
- Evaluate and where appropriate, invest in New Energies that support a host country's Energy Strategy and Climate Pledges and that are complementary to our geographical footprint

Biodiversity

In our activities we will:

- Avoid operating in World Heritage sites or those classified as Strict Nature Reserves (IUCN Ia) and Wilderness Areas (IUCN Ib).
- Strive to achieve no net loss of biodiversity in areas and operations we control and promote this with our partners and stakeholders.
- Protect biodiversity, ecosystems, species, water sources and water quality engaging with local or affected communities to utilise their knowledge of the local environment to assist in protecting and conserving biodiversity and environmental resources.
- Consult and engage with our stakeholders including local or affected communities, business partners, employees and their representatives with regard to our environmental and biodiversity management and performance.
- Comply with all legislation for environmental protection and will perform environmental impact assessments in line with latest good practice including where necessary, specific biodiversity assessments producing Biodiversity Action Plans before commencing operations.

Accountability for this Policy lies with the CEO and Board. Responsibility for compliance with Capricorn's Corporate EC Policy and standards lies with its officers, Directors, Managers and staff.

Simon Thomson
Chief Executive

Effective Date: 1st January 2023

SECTION B
CAPRICORN'S CORPORATE SOCIAL RESPONSIBILITY POLICY

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CORPORATE SOCIAL RESPONSIBILITY POLICY (CSRP)

Capricorn is committed to maintaining a high standard of corporate social responsibility in its business activities. We will implement management system changes to continually improve performance in accordance with international codes and standards:

Corporate Social Responsibility Management

Our documented management system will:

- Promote sound industry practice in all our dealings with stakeholders of our business including application of our Code of Ethics.
- Contribute to economic and social development and make a positive contribution to the UN Sustainable Development Goals, UN Global Compact and the Extractive Industries Transparency Initiative.
- Comply with all applicable laws, regulations and other employment standards.
- Consult with and respond to the genuine concerns and grievances of our stakeholders in a timely manner.
- Behave with honesty and integrity in all our activities and relationships with others and reject bribery and corruption in all its forms.
- Set objectives and targets for improving our corporate social management and performance including monitoring and reporting openly on the assessment of our risks, opportunities, impacts and performance
- Ensure that we have competent resources and skills necessary to achieve our corporate social commitments and that everyone understands and follows ethical practices including sharing of knowledge, training our people and improving awareness of stakeholders.

Human Rights

In all our activities we will:

- Respect, support and promote internationally recognised human rights standards wherever we operate and seek to ensure non-complicity in human rights abuses aligned with the UN Guiding Principles on Business and Human Rights.
- Identify, assess, prevent or mitigate adverse human rights impacts resulting from or caused by our business through effective due diligence and mitigation processes.
- Maintain zero tolerance of all forms of modern slavery and not be complicit in the use of forced, compulsory, bonded or child labour or any form of human trafficking.
- Provide human rights training to our personnel and actively promote awareness of human rights issues with our stakeholders.

Employees

Capricorn will:

- Respect the rights and dignity of every employee and treat them fairly and without discrimination promoting equal opportunity and diversity.
- Recognise employees' individual and team contribution, rewarding them appropriately and encouraging team working and the sharing of knowledge and information throughout the organisation.
- Consult and involve our employees and their representatives respecting and upholding freedom of association and the right to free collective bargaining.

Local Communities

We are committed to our communities and will:

- Respect the rights of indigenous peoples in all countries in which we operate and seek their Free, Prior and Informed Consent (FPIC).
- Assist in local community programmes where we operate, in consultation with local government, the public and our stakeholders.
- Assess and address the potential impacts of activities, both positive and negative at appropriate stages in operations, setting objectives and targets for improving our social responsibility management and performance to reduce and mitigate any risks or impacts.
- Protect and support cultural heritage.
- Ensure that appropriate and accessible mechanisms are in place for those affected by our operations to raise and address grievances, learning lessons from any issues or grievances raised.

Suppliers and Business Partners

- Ensure that contractors and suppliers are aware of and conform with our Code of Ethics, policies and standards.
- Where necessary, work with contractors and suppliers to improve their own understanding and application of ethical business behaviours and practices.
- Use our leverage and influence with suppliers and business partners to promote high standards of ethical business behaviours.

Accountability for this Policy lies with the CEO and Board. Responsibility for compliance with Capricorn's Corporate SR Policy and standards lies with its officers, Directors, Managers and staff.

Simon Thomson
Chief Executive

Effective Date: 1st January 2023

SECTION C
CORPORATE HEALTH, SAFETY & SECURITY POLICY

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CORPORATE HEALTH, SAFETY & SECURITY POLICY (CHSSP)

Capricorn is committed to protecting the health, safety and security of everyone involved in its activities. Protecting people is a core value and we apply high standards of practice through a process of continual improvement of our management systems and performance including the adoption of international codes and standards, including the IOGP for which Capricorn is a member.

Our documented health, safety and security management system will:

- Promote, enhance and sustain a strong health and safety culture demonstrating visible leadership at all levels.
- Comply with applicable national and international health, safety and security laws, regulations and standards.
- Promote and support programmes which improve and maintain health and mental well-being at work.
- Identify, evaluate and control health, safety and security hazards and risks involved in our activities to a level which is as low as reasonably practicable (ALARP).
- Ensure a focus on the prevention and control of major accident hazards in accordance with our Corporate Major Accident Prevention Policy (CMAPP).
- Ensure that we have competent resources necessary to achieve our health, safety and security commitments and that everyone understands and follows safe working practices including sharing of knowledge, training our people and improving awareness of stakeholders.
- Set objectives and targets for improving our health, safety and security management and performance including monitoring and reporting openly on our assessment of risk and impacts.
- Ensure that accidents, incidents, near misses and non-compliances with procedures are reported and investigated and lessons learned are implemented in practice and shared reflecting them in policies, standards and procedures.
- Ensure that emergency preparedness, contingency and resilience planning, necessary financial capabilities and professional and technical competencies are in place with plans tested regularly, so that incidents can be responded to in a timely and effective manner.
- Ensure that contractors are aware of and comply with our policies and standards and where necessary, we will work with our contractors to raise their standards to meet our requirements.
- Monitor and evaluate our own and contractor performance, competence and capabilities and conduct periodic audits to ensure our controls are effective to ensure our health, safety and security standards are being achieved.
- Consult with and respond to the concerns of our stakeholders on our health, safety and security performance including our employees their representatives and local communities.
- Use our leverage and influence with business partners to promote high standards of health, safety and security.
- Work with regulators and industry bodies in the formulation or improvement, policies, regulations and good practices.
- Ensure all security personnel selected and managed by us support and comply with relevant UN Voluntary Principles on Security and Human Rights and ensure they apply these principles and procedures in a manner that avoids or minimises risks to local communities.

Accountability for this Policy lies with the CEO and Board. Responsibility for compliance with Capricorn's Corporate HSS Policy and standards lies with its officers, Directors, Managers and staff. It is also the responsibility of each individual to be aware of the risks to personal health, safety and security and to take measures commensurate with the environment in which they are living, working and travelling.

Simon Thomson
Chief Executive

Effective Date: 1st January 2023

Part XXII
Notice of General Meeting

CAPRICORN ENERGY PLC

(incorporated and registered in Scotland with registered number SC226712)

NOTICE IS HEREBY GIVEN that a general meeting of Capricorn Energy PLC (the “Company”) will be held at The Sheraton Grand Hotel, 1 Festival Square, Edinburgh EH3 9SR at 9.00 a.m. on 1 February 2023 (the “General Meeting”) for the purposes of considering and, if thought fit, passing Resolutions 1 to 10 as ordinary resolutions (which, accordingly, will be passed if more than 50 per cent. of the votes cast are in favour). Resolutions 2 and 10 will be subject to an independent vote, taken on a poll, in accordance with the requirements of the Takeover Code for dispensation from Rule 9 of the Takeover Code and, accordingly, none of Delek Group, Mr. Tshuva or any member of the Concert Party will vote on either Resolutions 2 or 10.

For the purposes of this notice, capitalised terms used but not defined herein shall (unless the context otherwise requires) have the meaning ascribed to them in the combined prospectus and circular published by Capricorn and posted to Capricorn Shareholders on 13 January 2023 (the “Combined Prospectus and Circular”), of which this notice forms part.

ORDINARY RESOLUTIONS

1. THAT, subject to the passing of Resolutions 2 and 3 below by the requisite majority: (i) the proposed acquisition of the GP Interests and LP Interests by the Company pursuant to the terms and subject to the conditions contained in the Business Combination Agreement; and (ii) all other agreements and ancillary arrangements contemplated by or relating to the Business Combination Agreement or the Combination, be and are hereby approved and that the Directors of the Company (or any duly constituted committee of the Directors) in each case be and are hereby authorised to take all such steps (or to procure all such steps are taken) as they consider in their absolute discretion to be necessary, expedient or desirable in relation thereto and to carry the same into effect with such modifications, variations, revisions or amendments (provided such modifications, variations or amendments are not of a material nature for the purposes of Listing Rule 10.5.2) as they shall deem in their absolute discretion necessary, expedient or desirable in relation thereto.
2. THAT, the waiver granted by the Takeover Panel described in the Combined Prospectus and Circular of any requirement under Rule 9 of the Takeover Code for Delek Group, Mr. Tshuva or any member of the Concert Party to make a general offer for the entire issued share capital of the Company that would otherwise arise as a result of the issue to Delek Group, Mr. Tshuva and/or any member of the Concert Party of the New Ordinary Shares pursuant to the Business Combination Agreement be and is hereby approved.
3. THAT, without prejudice to the authority conferred on the Directors of the Company at the 2022 AGM (which remains in full force and effect), the Directors be and are hereby unconditionally authorised, in accordance with section 551 of the Act, to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £53,189,119, in each case credited as fully paid, with authority to deal with fractional entitlements arising out of such allotment as they think fit and to take all such other steps as they may in their absolute discretion deem necessary, expedient or desirable to implement all such allotments in connection with the Combination, such authority to expire at the end of business on 30 September 2023 (unless previously renewed, revoked or varied by the Company in general meeting), and further, under such authorisation, the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after such expiry, and thereafter such expiry the Directors may allot shares or grant rights to subscribe for or convert any security into shares in pursuance of such an offer or agreement as if the relevant authority conferred here has not expired.

4. THAT, in accordance with Article 123.2 of the Articles, the aggregate principal amount (as defined in Article 123 of the Articles) outstanding in respect of all moneys borrowed (whether secured or not) by the Capricorn Group exceeding, from and as a result of Completion, the borrowing limit specified in Article 123 of the Articles be and is hereby approved.
5. THAT, approval be given for the Remuneration Policy Amendment in order to permit the payment of cash amounts to Simon Thomson and James Smith (as holders of Unexercisable Awards at Completion as compensation for any reduction in the value of their Unexercisable Awards that might otherwise be reasonably considered to arise as a result of the Combination).
6. THAT, the 2023 Israeli Plan (summarised in section 7 of Part XVI (*Directors, Employees and Corporate Governance*) of the Combined Prospectus and Circular) be approved, the Board be authorised to do all such acts and things as are necessary or desirable to establish the 2023 Israeli Plan and approval be given to amend the Remuneration Policy, in the terms set out in section 7.1(L) of Part XVI (*Directors, Employees and Corporate Governance*) of the Combined Prospectus and Circular, to permit Executive Directors of the Company to participate in the 2023 Israeli Plan.
7. THAT, approval be given for the Remuneration Policy Terms Amendment to reflect the payments and benefits provided to Yossi Abu under the 2022 Employment Contract (summarised in section 3.2 of Part XVI (*Directors, Employees and Corporate Governance*) of the Combined Prospectus and Circular).
8. THAT, the terms of the Special Bonus (summarised in section 3.2 of Part XVI (*Directors, Employees and Corporate Governance*) of the Combined Prospectus and Circular) be approved.
9. THAT, the terms of the Retention Bonus (summarised in section 3.2 of Part XVI (*Directors, Employees and Corporate Governance*) of the Combined Prospectus and Circular) be approved.
10. THAT, the waiver granted by the Takeover Panel described in the Combined Prospectus and Circular of any requirement under Rule 9 of the Takeover Code for Delek Group, Mr. Tshuva or any member of the Concert Party to make a general offer for the entire issued share capital of the Company that would otherwise arise as a result of any increase in the percentage of shares in the Company in which Delek Group, Mr. Tshuva or any member of the Concert Party is interested resulting from the exercise by the Company of any or all of the Buyback Authority, be and is hereby approved, subject to: (a) such approval expiring at the conclusion of the first annual general meeting of the Company that takes place after Completion; and (b) Delek Group being interested in a maximum of 49.47 per cent. of Ordinary Shares excluding treasury shares.

By Order of the Board

Anne McSherry
Company Secretary
Date: 13 January 2023

50 Lothian Road
Edinburgh EH3 9BY

United Kingdom

Explanatory notes to shareholders:

1. A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote instead of him or her. A proxy need not be

a member of the Company, but must attend the General Meeting to represent you. A YELLOW Form of Proxy accompanies this Notice of General Meeting and must be lodged with the Company at the office of its Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or received via the Sharevote service (see Note 2 below) or lodged using the CREST proxy voting service (see Note 3 below) not less than 48 hours before the time appointed for the General Meeting or any adjournment(s) thereof (excluding any part of any day that is not a working day). You can only appoint a proxy using the procedures set out in these notes and the notes to the YELLOW Form of Proxy. If you wish to change or revoke your proxy appointment, please contact the Registrars on +44 (0)371 384 2050. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding public holidays in England and Wales). Calls to the helpline from outside the United Kingdom will be charged at the applicable international rate. Please note that calls to these numbers may be monitored or recorded for security and training purposes.

2. Members may register their proxy appointments or voting directions electronically via the www.sharevote.co.uk website, where full details of the procedure are given. Members will need the Voting ID, Task ID and Shareholder Reference Number set out on the YELLOW Form of Proxy which accompanies this Notice of General Meeting. Members are advised to read the terms and conditions of use carefully. Electronic communication facilities are available to all Capricorn Shareholders and those who use them will not be disadvantaged. The Company will not accept any communication that is found to contain a computer virus.
3. CREST Members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate **CREST Proxy Instruction** must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrars (ID RA19) by no later than 9.00 a.m. (London time) on 30 January 2023, or, in the event that the General Meeting is adjourned, not less than 48 hours before the time appointed for the adjourned General Meeting (excluding any part of any day that is not a working day). No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST core processor) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST Members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings, which can be viewed at www.euroclear.com. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. You may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different Ordinary

Shares. You may not appoint more than one proxy to exercise rights attached to any one Ordinary Share. To appoint more than one proxy, please contact the Registrars on +44 (0)371 384 2050. Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls to these numbers may be monitored or recorded for security and training purposes.

4. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("**Nominated Persons**"). Nominated Persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
5. Any corporation which is a Capricorn Shareholder can appoint one or more corporate representative(s) who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same Ordinary Shares.
6. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Capricorn Shareholders must be registered in the register of members of the Company at 6.30 p.m. (London time) on 30 January 2023 (or, in the event of any adjournment, on the date which is two days (excluding any part of a day that is not a working day) before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. As at close of trading on 11 January 2023 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 315,072,439 ordinary shares of 21/13 pence each. Each such ordinary share carries the right to one vote at a general meeting of the Company. Therefore, the total number of voting rights in the Company was 315,072,439 as at close of trading on 11 January 2023 (being the latest practicable date prior to publication of this document). It is proposed that all votes on the Resolutions at the General Meeting will be taken by way of a poll rather than on a show of hands. The Company considers that a poll is more representative of Capricorn Shareholders' voting intentions because votes are counted according to the number of shares held and all votes tendered are taken into account. In order to comply with the Takeover Code, Resolutions 2 and 10 will be taken on a poll of the Independent Shareholders. Accordingly, none of Delek Group, Mr. Tshuva or any member of the Concert Party will vote on either Resolutions 2 or 10. The results of the voting will be announced through a Regulatory Information Service and will be published on our website www.capricornenergy.com as soon as reasonably practicable thereafter.
8. In accordance with section 311A of the Companies Act 2006, the contents of this Notice of General Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice of General Meeting will be available on the Company's website at www.capricornenergy.com.
9. Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the General Meeting any question relating to the business being dealt with at the General Meeting which is put by a member attending the General Meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered or if to do so would involve the disclosure of confidential information.

11. Copies of the following documents may be inspected at the registered office of the Company during normal business hours, Monday to Friday (public holidays excepted) up to and including the day of the General Meeting:
 - (a) the current Articles of Association of the Company; and
 - (b) copies of the Executive Directors' service contracts and Non-Executive Directors' letters of appointment.
12. A member may not use any electronic address provided either in this Notice of General Meeting or any related documents (including the Chair's letter and YELLOW Form of Proxy), to communicate with the Company for any purpose other than those expressly stated.

