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<u>Historic export agreements:</u>

<u>$15 billion agreements signed for the sale of Israeli natural gas to Egypt</u>

<u>10-year transactions for the total sale of around 64 BCM from the Leviathan and Tamar reservoirs</u>

Delek Drilling, subsidiary of Delek Group, announced today the signing of two agreements for the export of gas to Egypt (GSPA) with the Egyptian Dolphinus company (Dolphinus Holdings Limited) for the supply of a total of around 64 BCM of natural gas from the Tamar and Leviathan reservoirs for a 10-year period, for approximately $15 billion.

The gas supply is expected to begin with conclusion of the supply infrastructure required for transmission of natural gas to Egypt and will continue until the earlier of the total contractual quantity set forth in the agreements (a total of 64 BCM), or until the end of 2030.

Various possibilities for transmission of the gas to Egypt are being examined, including use of the **EMG gas pipe**, <u>and Delek Drilling and Noble intend to commerce negotiation with EMG for the use of the EMG pipeline to Egypt</u>.

In addition, other possibilities are being examined, including the **Jordanian-Israeli pipeline** which connects the Israeli transmission system and the Jordanian transmission system (which is currently being built in accordance with the Leviathan-Jordan agreement), or via the **Nitzana pipeline** – a new natural gas pipe that will be built by INGL and will directly connect the Israeli transmission system to its Egyptian counterpart, in a similar format to that currently implemented between Israel and Jordan.

Yitzhak Tshuva, the controlling shareholder of Delek Group: "We are at an important milestone on the road to realizing our collective vision and dream of making Israel a significant exporter of gas to countries in the region. The agreement will strengthen the relationships between Israel and its neighbors and increase economic cooperation between them".

Yossi Abu, CEO of Delek Drilling: "This is an historic day. The export deals establish Egypt's status as a regional energy center which allows the supply of gas both to the Egyptian domestic market and for export, and allowing economic development of the Egyptian and the Israeli economies.
With the signing of the agreements, the scope of the contracts signed for the supply of gas from the Leviathan reservoir is approaching the total production capacity under Phase 1A of the Leviathan's development plan and securing the long-term sales volume from Tamar.
Concurrently with the implementation of the transactions, we are continuing to promote additional agreements which will constitute the basis for the adoption of an FID for Phase 1B of Leviathan, which will increase the reservoir's production capacity to around 21 BCM per year".

Further details and background to the transaction:

- **$7.5 billion agreement for the export of gas from the Leviathan project**

The agreement for the export of gas from Leviathan includes the sale of a total of around 32 BCM of gas for a 10-year period (3.5 BCM per year), on a firm basis, which includes a take or pay mechanism for a minimal annual quantity.

The total scope of the agreement is estimated at around $7.5 billion, and it joins the huge export contract signed by **the Leviathan partners with the Jordanian electric company NEPCO** in September 2016, as well as other agreements for the sale of gas to customers in the Israeli market, which have been signed in the last two years.

With the signing of the agreement, the scope of the contracts signed for the supply of gas from the Leviathan reservoir is approaching the total production capacity under Phase 1A of the Leviathan's development plan.

- **$7.5 billion agreement for the export of gas from the Tamar project**

The agreement for the export of gas from Tamar includes the sale of gas on an interruptible basis.
Insofar as capacity shall become available in the gas transmission pipeline from Tamar, Tamar will be able to fill it by converting the gas supply (in whole or in part) to a firm basis. To this end, a timeframe is defined commencing at the beginning of July 2020 and ending at the end of December 2021, or as shall be agreed between the parties.
From the date of the contract's conversion to a firm basis, Delek Drilling and Noble have undertaken to supply an annual quantity of up to **3.5 BCM** of natural gas per year. The total contractual gas quantity in the agreement is **32 BCM** per year.
In accordance with the forecast for growth in demand of natural gas, the option to expand the capacity of Tamar will be evaluated the possibility will be looked into of **expanding Tamar's production capacity**.
According to the estimates, the aggregate income expected in this transaction is also around **$7.5 billion**.

- **The terms and conditions of the transactions**

The export agreements include several conditions precedent, including receipt of regulatory and government approvals in Israel and in Egypt, the signing of an infrastructure agreement, and more.
In addition, the gas price in the two transactions is based on a price formula that is linked to the Brent oil barrel prices.

- **Dolphinus**

Dolphinus is a natural gas trade company which is planning to supply gas to large industrial and commercial consumers in Egypt.
It is noted that last September, Egypt changed its domestic law so as to allow private entities in the market to enter into agreements for the import of gas, and last week the relevant regulations were amended for the implementation of this law.

- **The gas export transactions – a regional energy anchor**

With the signing of these transactions, the Israeli gas reservoirs have no less than 4 transactions for the export of gas to neighboring countries: the transactions for export to Egypt join the **transaction for the export of gas from Tamar to the Jordanian dead sea works**, with natural gas is already being supplied since the beginning of 2017, and the **huge transaction for the sale of gas from Leviathan to the Jordanian electric company NEPCO**, which was signed during 2016 and is expected to begin supply of natural gas by the end of 2019.