Energizing the Eastern Med

Yossi Abu - CEO

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Contents

- Leviathan Development update
- Israel Gas Market
- Regional Markets
- Dolphinus + EMG Overview & Agreements – Midstream Solution
- Delek Drilling near term targets
Leviathan Development on Time on Budget

- Phase 1a development progressing ~67% completed
- Fabrication progress on the platform topsides, jacket, and the subsea equipment
- All building permits received or submitted
- More than 300km of subsea pipe placed (out of 513km)
- Export pipeline to Jordan progressing and will be ready ahead of first gas to local domestic market

<table>
<thead>
<tr>
<th>Project Phase</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td>Sanction</td>
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<tr>
<td>Order Critical Path Equipment</td>
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<td></td>
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<tr>
<td>Detail Design and Engineering</td>
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<tr>
<td>Equipment Manufacturing</td>
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<td></td>
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<tr>
<td>Drilling and Completions</td>
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<td>Pipeline Manufacturing</td>
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<tr>
<td>Offshore Platform Installation</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Commissioning and First Gas</td>
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<td></td>
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</tbody>
</table>

Source: Leviathan operator (NBL)
Project Development Visual

Source: Leviathan operator (NBL)
Israel’s Gas Demand Trends
Growing Domestic Demand

Domestic natural gas consumption is in constant growth trend

**QUARTERLY GAS SALES**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018*</th>
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<tr>
<td>Q3</td>
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<td>2.60</td>
<td>2.30</td>
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<tr>
<td>Q4</td>
<td>2.40</td>
<td>2.40</td>
<td>2.40</td>
<td>2.60</td>
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</table>

**ANNUAL GAS SALES**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018E</th>
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<tbody>
<tr>
<td>BCM</td>
<td>8.30</td>
<td>9.40</td>
<td>9.90</td>
<td>10.55*</td>
</tr>
</tbody>
</table>

**Demand vs Consumption**

- **Tamar Sales 2018***: 10.5
- **LNG imports 2018**: 0.5
- **2018 Consumption**: 11
- **2018 Unfulfilled Demand**: 1.5
- **2018 Demand**: 12.5
- **2018-2020 Growth (Coal reduction, Industry, Increased demand)**: 1.5
- **Gas Demand forecast 2020***: 14.0

*2018 numbers based on YTD and Estimated numbers from the DCF published in 2017 financial report

2018-2020 estimated numbers are forward-looking information and may not materialize, in whole or in part, or may materialize differently than expected, or may be affected by factors that cannot be assessed in advance.
## Governmental Support - Growth Drivers

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Final Approval of Government Gas Framework</td>
</tr>
<tr>
<td></td>
<td>Decision on Orot Rabin 1-4 shut-down</td>
</tr>
<tr>
<td>2016</td>
<td>Instructions of Gas counsel to multiple lines in the transmission system</td>
</tr>
<tr>
<td>2017</td>
<td>Decision on gas priority in dispatch model</td>
</tr>
<tr>
<td>2018</td>
<td>Energy Ministry vision of stop using oil fuels and coal by 2030</td>
</tr>
<tr>
<td>2019</td>
<td>Coal Taxation implementation</td>
</tr>
</tbody>
</table>

- Decisions regarding the conversion of Ashkelon and Hadera to gas + coal
Long Term Demand Growth

Israel Expected Natural Gas Demand (BCM)

CAGR 11.6% (2020-2040)


10.9 11.2 14.0 15.4 18.0 18.7 19.5 20.3 21.1 22.0 22.8 23.7 24.4 25.3 26.2 27.0 28.0 29.0 29.9 31.0 31.9 32.8 34.0

Electricity Generation Mix

Source: BDO Estimates

Delek Drilling – Energizing The Eastern Med
### Delek Regional Strategy

<table>
<thead>
<tr>
<th>Country/Region</th>
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</thead>
<tbody>
<tr>
<td>Israel – Domestic market</td>
</tr>
<tr>
<td>Jordan - NEPCO</td>
</tr>
<tr>
<td>Palestinian Authority</td>
</tr>
<tr>
<td>Egypt – Domestic market</td>
</tr>
<tr>
<td>Egypt – LNG Facilities</td>
</tr>
<tr>
<td>Turkey</td>
</tr>
</tbody>
</table>

**Legend:**
- Israel EEZ
- LNG Sites
- Platform
- Existing Pipelines
- Under Construction
- Possible Pipelines
Egyptian Gas Market
Several of the fields have stated production or are entering production:

- Zohr (21.5 TCF)
- West Nile Delta Fields (4.9 TCF)
- West Delta Deep Marine (2.3 TCF)
- Nooros (1.2 TCF)
- Atoll (1.5 TCF)

Additional 7 TCF are included in GUPCO operated fields

Source: Wood Mackenzie
Gas resources include commercial reserves and contingent resources
Natural Gas Production – until 2016

Gas Production in Egypt - 2008 to 2016
New gas volumes have entered production in 2017-2018

- Increased production is led by Zohr, West Nile Delta, Atoll and supported by other fields such as Nooros and WDDN
- With these new projects, domestic production is expected to reach 80 BCM in 2020
- New gas supply is needed post-2020 to sustain production levels, including exploration success to provide new resources
- Current domestic project production is expected to decrease to ~60 BCM in 2025 and less than 50BCM in 2030
Natural Gas Demand – Continues to Grow

Demand recovers strongly with the increase in supply, 10% average annual growth from 2016-2020


Egypt – Long Term Supply Demand Imbalance

Gas Supply by Status vs. Demand

- Onstream
- Zohr (onstream)
- Probable Development
- Good Technical
- Total Domestic Demand

*The demand shown does not include the Egyptian LNG facilities at Damietta and Idku

Source: Wood Mackenzie

Various International Research Department Reconfirm Long-Term Gas Deficit
Dolphinus GSPA’s Details

Leviathan:
- Annual supply of 3.5 BCM/y (with TOP level agreed)
- Total Contract Quantities: 32 BCM
- Estimated revenue income: $7.5 Billion

Tamar:
- Annual supply begin on an Interruptible base with seller option to convert part or all of the quantity to a firm basis of up to 3.5 BCM/y (with TOP level agreed upon option realization)
- Total Contract Quantities: 32 BCM
- Estimated revenue income: $7.5 Billion

Contract price based on a Brent linked formula
Infrastructure Solutions

Existing Infrastructure
Under construction
Future potential pipeline
EMG - Transaction Goals

- We aim to enable transportation of gas from Tamar and Leviathan to Egypt in order to realize the Dolphinus GSPAs
- Our main value from the transaction is elevating the upstream sales of both Tamar and Leviathan
- Securing stable and continuous operation of the EMG pipeline by nominating NBL as technical operator
- Timing – the discussed solution will enable flow gas as soon as practical, at latest for Leviathan startup
- Strategic alignment with a major regional infrastructure player
EMG Pipeline Overview

- **Asset Overview:**
  - Pipeline: 26” diameter, 89 km (85.4 km subsea), from Ashkelon to (Israel) El-Arish (Egypt)
  - El-Arish Station: pipeline inlet, Siemens compressors, connection to the 36” Trans-Sinai gas pipeline
  - Ashkelon Terminal: connection to the Israeli Natural Gas Transmission System

- **Design and Construction:**
  - Nameplate Pipeline Capacity: up to 700 MMcf/d (~7 BCM/y)
  - Potential Expansion Project: up to 900 MMcf/d (~9 BCM/y) partially complete
  - Reputable design and construction: EPC’s Allseas Marine & Technip
Transaction

<table>
<thead>
<tr>
<th></th>
<th>Delek 25%</th>
<th>Noble 25%</th>
<th>East Gas 50%</th>
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**EMED**

<table>
<thead>
<tr>
<th></th>
<th>Delek 25%, Noble 25%, East Gas 50%</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>8.2% 8.2% 39% 8.6% 12%</td>
</tr>
</tbody>
</table>

**EMG**

- “CLOA” 39%
- Tolling Fee

85.4 km long subsea pipeline

Compression Station

Receiving Terminal

Egypt Mediterranean Sea Israel
Capacity, Lease & Operatorship Agreement between EMED and EMG, in which EMG will grant EMED the exclusive right to lease and operate the EMG Pipeline for the entire term of the Dolphinus Agreements, with an option to extend the agreement. According to this agreement, the costs required to refurbish the EMG Pipeline up to a sum of $30 million (which reflects a preliminary estimate of these costs), as well as the current costs of operating the pipeline will be borne by EMED (jointly, the “Operating Costs”), while EMG shall be entitled to receive the current transport fees to be paid by Dolphinus for use of the pipeline (the “Transport Fee”), net of the Operating Costs.
Gas Flow to Egypt – Initial Stage

Source: Esri, Delek Drilling, Inc., GeoEye, Earthstar Geographics, i-cubed, USDA Forest Service, USGS, AEX, GeoEye, Getmapping, Aerogrid, IGN, IGP, LEIT, and the GIS User Community
Gas Flow to Egypt – Hot Tap

- Hot Tap is the ability to safely tie into a pressurized system, while it is on stream and under pressure.

- Both Tamar & Leviathan are examining Hot Tap connection to the EMG pipeline for infrastructure flow optimization.
Electricity demand has been growing at an average rate of 6.0% per year (2005-2017)

Natural gas is the basis of 80-85% of energy production (2016-2017)

Natural gas demand is estimated at 5.0 to 5.2 BCM in 2020 and grows by an average rate of ~4.0% per year

Jordan is a ‘natural’ market for Israeli gas

Jordan is investing heavily in long term natural gas import infrastructure from Israel

* Assuming NEPCO will consume the Total Contract Quantity, and based on the Partnership’s estimation regarding the price of natural gas during the agreement period

<chart>

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Gas Demand</th>
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<tbody>
<tr>
<td>2009</td>
<td>1.00</td>
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<tr>
<td>2010</td>
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<tr>
<td>2011</td>
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<tr>
<td>2012</td>
<td>1.60</td>
</tr>
<tr>
<td>2013</td>
<td>1.80</td>
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<tr>
<td>2014</td>
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<tr>
<td>2015</td>
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<td>2016</td>
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<td>2029</td>
<td>5.00</td>
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<tr>
<td>2030</td>
<td>5.20</td>
</tr>
</tbody>
</table>

Notes: Assuming Leviathan supply contractual volume on top of contracted AOG is price-competitive against LNG and other potential sources of gas. AOG = Annual Contract Quantity.
Source: IEA Energy
Egypt LNG Terminals

Two existing LNG liquefaction (export) terminals – ELNG and Damietta

- LNG liquefaction terminals for LNG export – Operating in very low-utilization rate due to lack of available feed gas
- Both terminals commenced LNG production in 2005, enjoying relatively low CAPEX costs
- Both terminals operate under a tolling fee arrangement, providing competitive tolling fee
- Total demand for LNG feed gas is ~20BCM

<table>
<thead>
<tr>
<th>Terminal</th>
<th>Owners</th>
<th>Number of Trains</th>
<th>Nominal Plant Capacity</th>
<th>Feed Gas Volumes – Nominal Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELNG</td>
<td>Shell, Petronas, EGAS, EGPC, Total(^1)</td>
<td>2</td>
<td>7.2 mmtpa</td>
<td>~10.8 BCM</td>
</tr>
<tr>
<td>Damietta</td>
<td>Eni, Gas Natural Fenosa, EGAS, EGPC,</td>
<td>1</td>
<td>5.0 mmtpa</td>
<td>~7.5 BCM</td>
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<tr>
<td>ELNG + Damietta</td>
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<td></td>
<td>12.2 mmtpa</td>
<td>~18.3 BCM</td>
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</tbody>
</table>


\(^1\): Train 1 only
Near Term Targets

Activity & Operation:
- Leviathan Jacket & Platform installation
- EMG transaction closing
- Tamar – Dolphinus flow test & sales
- Leviathan deep exploration FID
- Leviathan First Gas: Israel + Jordan + Egypt
- Leviathan Phase 1B FID
- Tamar – Dolphimus sale down
- Leviathan refinancing (Potential Bond issuance)
- Aphrodite marketing + FID

Years: 2019 - 2020
Thank you