Delek Drilling

Leviathan Gas Field

July 2020

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Today's presenters

Yossi Abu

Chief Executive Officer

Delek Drilling

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Deputy Chief Executive Officer

Delek Drilling

Delek Drilling – The leading E&P partnership in the East Med

Delek Drilling

Who we are

Largest Israeli E&P entity

Listed on TASE

$798mm

Market Cap[1]

$727m

2020E EBITDA[2]

Partner in two world class, producing gas fields:

Leviathan

and

Tamar

Our track record

Discovered

c.43 TCF

gross resources

c.27 TCF

gross 2P reserves

since 1999

Developed

LEVIATHAN

TAMAR

Yam Tethys

Gas fields

Successfully capitalized on commercialised

c.9 TCF

net 2P reserves[3]

Source: Company information, TASE

1. As of 08 July, 2020

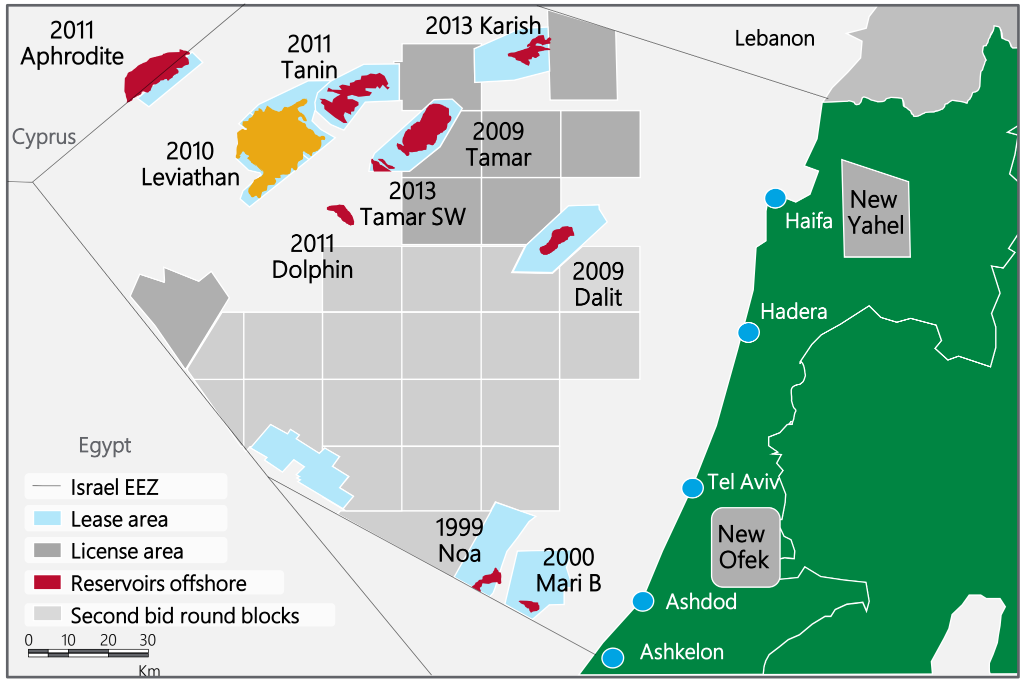
2. Reflects the sum of Tamar and Leviathan 2P forecasted EBITDA for 2020, based on Delek Drilling's working interest. EBITDA defined as Revenue – Royalties – Operating expenses. Figures as per latest NSAI reports for Tamar (December 2019) and Leviathan (June 2020). Leviathan EBITDA calculated as H1 2020 EBITDA (as outlined in page 6) plus forecasted H2 2020 EBITDA based on Bloomberg Brent Forward Curve as of 10-7-20. 2020: $43.5

3. Reflects the sum of Delek Drilling's working interest in Tamar, Leviathan and Yam Tethys 2P reserves (c.3 TCF, c.6 TCF and 0.5TCF respectively)

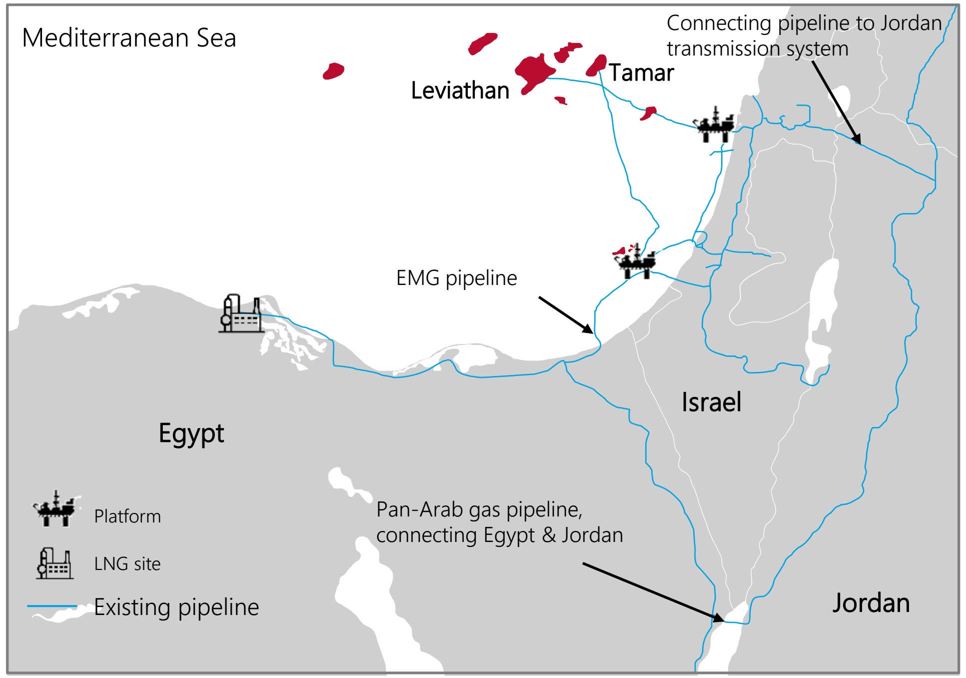
Delek Drilling – The leading E&P partnership in the East Med (cont'd)

Significant track record in the East Med with c.43 TCF of gross gas resources discovered

Gas discoveries[1]



Assets with strong regional connectivity



- **2000**: Discovered Yam Tethys (<1 TCF[2])
- **2004**: Yam Tethys commenced production
- **2009**: Discovered Tamar (11.9 TCF[3]) & Dalit (0.5 TCF)
- **2010**: Discovered Leviathan (22.9 TCF[4]); Tamar FID
- **2011**: Discovered Aphrodite (3.5 TCF) & Tanin (0.8TCF)
- **2013**: Discovered Tamar SW (1 TCF) & Karish (1.3 TCF); Tamar commenced production
- **2016**: Sold Karish and Tanin to Energean
- **2017**: Leviathan FID
- **2019**: Q4 2019: Leviathan commenced production
- **2020**: First gas export to Egypt + Jordan

2.5 years from Tamar FID to first gas

Less than 3 years from Leviathan FID to first gas

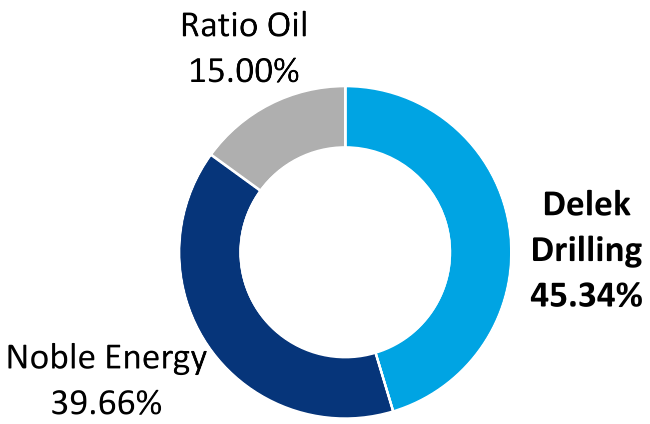
Source: Company information; Note: Resources: Best Estimate Ultimate Recovery (2P + 2C), based on NSAI reports
[1] Dolphin license has expired; following the sale of Karish and Tanin, Delek Drilling holds an entitlement to royalties
[2] Recovered; Depleted
[3] Estimated ultimate recoverable; excludes Tamar SW
[4] Estimated ultimate recoverable

Leviathan Gas Field – Asset overview

Overview

- Discovered in 2010, Leviathan is one of the world's most attractive gas assets
  - Situated offshore Israel: c.130 km West of Haifa with a water depth of c.1,700m
- Noble Energy is the operator of the field on behalf of the Leviathan partners
- The Leviathan development commenced in February 2017
  - The project was developed with a gross capacity of 12BCM p.a.
  - Further developments can increase gross capacity of the project up to 21-24 BCM p.a.
- The development was completed in less than 3 years, and c.$200m below the budget of c.$3.75bn, leveraging previous experience from the Tamar development
- Production commenced on schedule in December 2019 – contracted volumes range from 75% to 80%[2] of the 12BCM p.a. gross capacity
  - Leviathan currently supplies gas to Israel, Egypt and Jordan

Ownership structure[1]



Vast gross reserve and resource base[3]

2P Reserves	2C Resources
13.3 TCF *(376 BCM)*	9.5 TCF *(270 BCM)*

22.8 TCF (646 BCM) Gross 2P+2C resources

Reserve life

- 2P : **31 years[4]**
- 2P + 2C : **54 years[4]**

Strong asset value and financial profile

NPV10 (45.34% WI)

- 2P: **$4.0bn[5] / $3.7bn[6]**
- 2C: **$0.4bn[5] / $0.3bn[6]**
- 2P + 2C: **$4.4bn[5] / $4.1bn[6]**

Avg. financial metrics through 2034 (45.34% WI)[2]

- 2P Revenue: **$938.9mm[5] / $825.3mm[6]**
- 2P EBITDA: **$677.8mm[5] / $587.8mm[6]**

Source: Company information, NSAI report as of June 2020
1. Approximate percentages
2. Based on 2021 - 2034
3. Not including Leviathan Deep oil prospective resources; excludes 0.1TCF produced in 1H2020
4. Based on gross capacity of 12 BCM p.a.
5. NPV10s as of 30th June 2020 according to latest NSAI report from July 2020;
6. 2P Production Profile according to latest NSAI report from June 2020. Figures based on Bloomberg Brent Forward Curve as of 10-7-20. 2020: $43.5; 2021: $45; Thereafter: $50 flat

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Leviathan Gas Field – H1 2020 operational update

COVID-19 impact on results and expected performance

- Following commencement of production in December 2019, the Leviathan project has been operating at average uptime levels reaching above 97%
- The Leviathan Partners have seen a temporary decrease in gas sales over the past few months as a result of the COVID-19 pandemic which has impacted demand for gas in the region
  - During Q1'20 and Q2'20, gross sales from Leviathan were c.1.6 BCM and c.1.4 BCM
    - Q2'20 production decrease is due to well management to match regional demand
  - 2020 and 2021 gross sales expected to be c.7.0 BCM and c.8.9 BCM (vs. previously forecasted[1] gross sales of 9.3BCM and 10.8BCM, respectively) at an average price of c.$5.00 per MMBTU
- Subsequent to the decrease in production, the operator has been working to further streamline and reduce operating costs and planned investments
  - 2020 updated budget includes a gross c.$45mm reduction in operating costs and planned investments
  - The operator is also examining potential reductions post 2020
- While Brent prices were down more than 33% from Q1'20 to Q2'20, due to Leviathan's floor pricing, average realized price per mcf was only down 7%

Leviathan H1 performance (45.34% Delek Drilling WI)

	Q1 2020	Q2 2020
Total net production (natural gas and condensate)	26,058 mmcf (0.74 BCM)	22,831 mmcf (0.65 BCM)
Average price per mcf	$5.43 (Avg. Q1 Brent price[2]: $51)	$5.04 (Avg. Q2 Brent price[2]: $34)
Average royalties per mcf	$0.81	$0.75
Government	*$0.60*	*$0.55*
Third parties	*$0.07*	*$0.13*
Interested parties	*$0.14*	*$0.07*
Average production costs per mcf	$0.66	$0.81[5]
Net proceeds per mcf	$3.96	$3.47
Revenue (in $mm)[3]	$141	$115
EBITDA (in $mm)[4]	$103	$79

Source: Company information
Note: Q2' 20 numbers are unaudited
1. As per NSAI report as of December 2019
2. Source: Factset
3 Revenue calculated as Total net production per mcf * Average price per mcf
4 EBITDA calculated as Revenue – (Average royalties per mcf + Average production costs per mcf) * Total net production per mcf
5. Increased production costs per mcf due to lower production and fixed opex base

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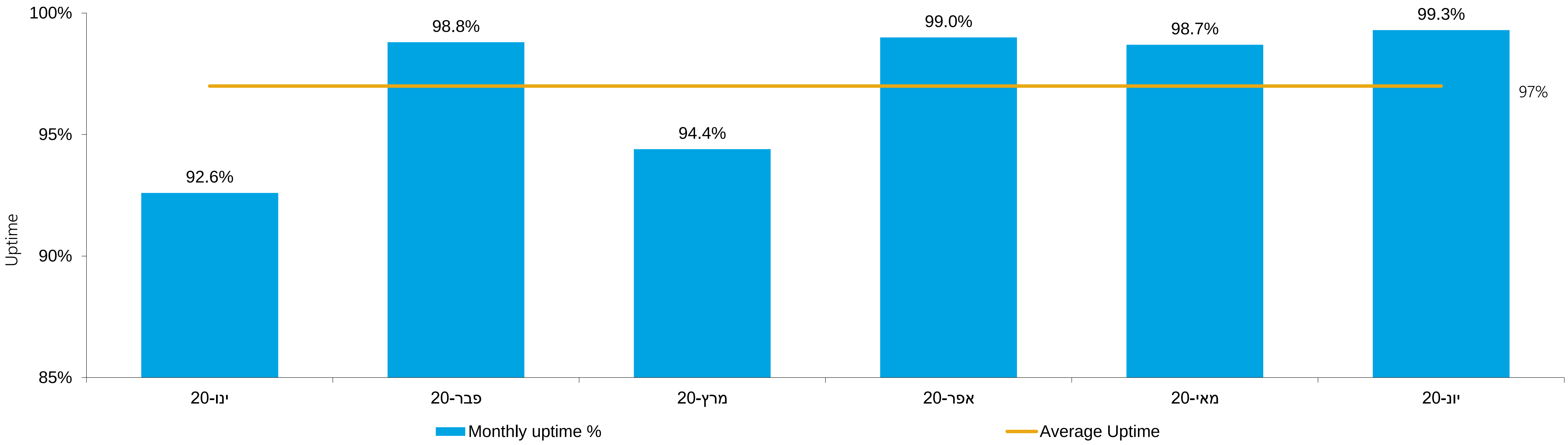
Leviathan Gas Field – H1 2020 operational update (cont’d)

Stellar uptime performance

Leviathan H1 2020 uptime



Achieved exceptional uptime rates through commissioning and startup phases

Key credit highlights

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Leviathan Gas Field

1. World-class asset, 50+ year life, significant reserve upside potential
2. Strategically located in the East Med, well positioned to take advantage of the Israeli energy transition and increasing regional gas demand
3. Strong contracted long-term cash flow generation with protection against downside commodity price risk
4. Strategic, longstanding partnership with a best-in-class operator
5. Strong management with unmatched operational track record in the East Med

World-class asset, 50+ year life, significant reserve upside potential

1

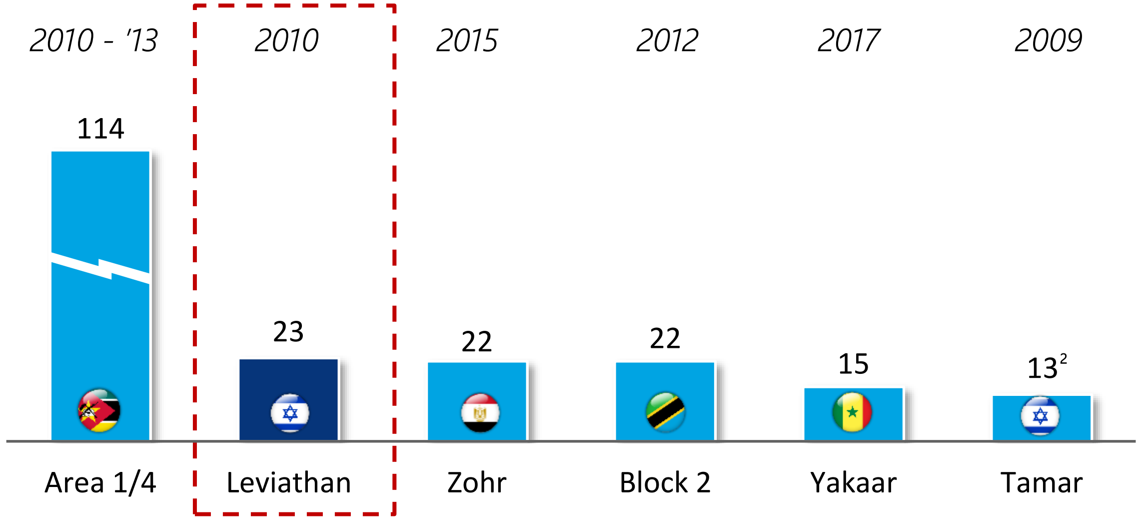
Leviathan ranks as one of the world's most attractive gas fields

Vast reserve and resource base

22.8 TCF (646 BCM) Gross 2P+2C resources[4]

2P Reserves	2C Resources
13.3 TCF *(376 BCM)*	9.5 TCF *(270 BCM)*

Largest gas discoveries over the last decade[1] (TCF Recoverable)



High quality reservoir

- ✓ High permeability → Ultra-high flow rate wells 0.4bcf/d
- ✓ Lean gas → Low opex $0.5/mcf[3]
- ✓ High connectivity → Low well-count

Superior features of the reservoir provide high operating margins and low capital intensity

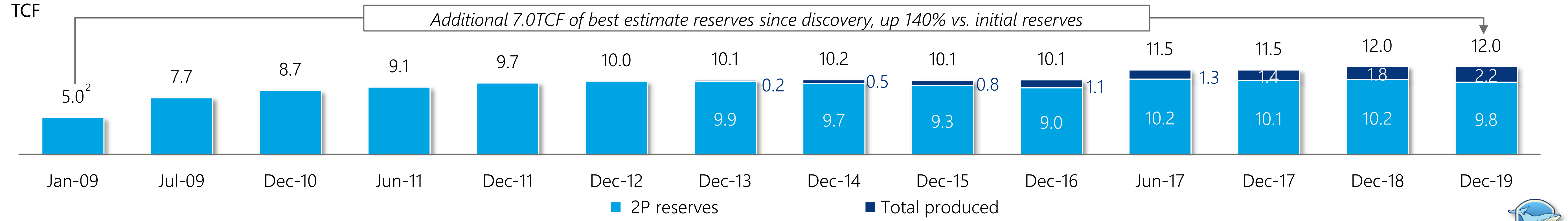
Source: Company information, NSAI report as of June 2020
1. 2010 – 2019, Tamar for reference
2. Estimated total recoverable including Tamar SW as of December 2019
3. Average opex/mcf between 2021 and 2034 based on NSAI report as of June 2020
4. Excludes 0.1TCF produced in 1H2020

World-class asset, 50+ year life, significant reserve upside potential(cont'd)

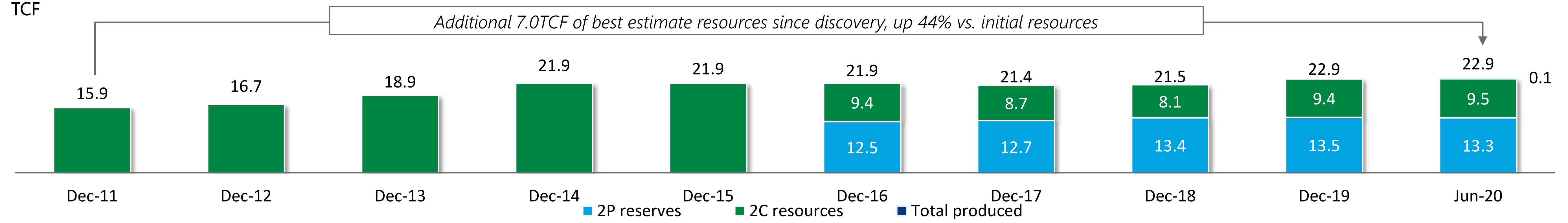
1

Potential for significant reserve increases

Tamar gross (2P) gas reserve development[1]



Leviathan gross (2P+2C) resource development



Delek's thorough understanding of the basin's subsurface enables leveraging knowledge from other fields in support of resource growth

Source: Company information (NSAI reports)
1. Includes Tamar SW
2. Gross mean resources

2 Strategically located in the East Med…

Overview

Israel

- With Leviathan, Israel is a net exporter of gas, taking a big step towards full energy independence
- Leviathan is key for the success of Israel's energy transition program from coal to gas

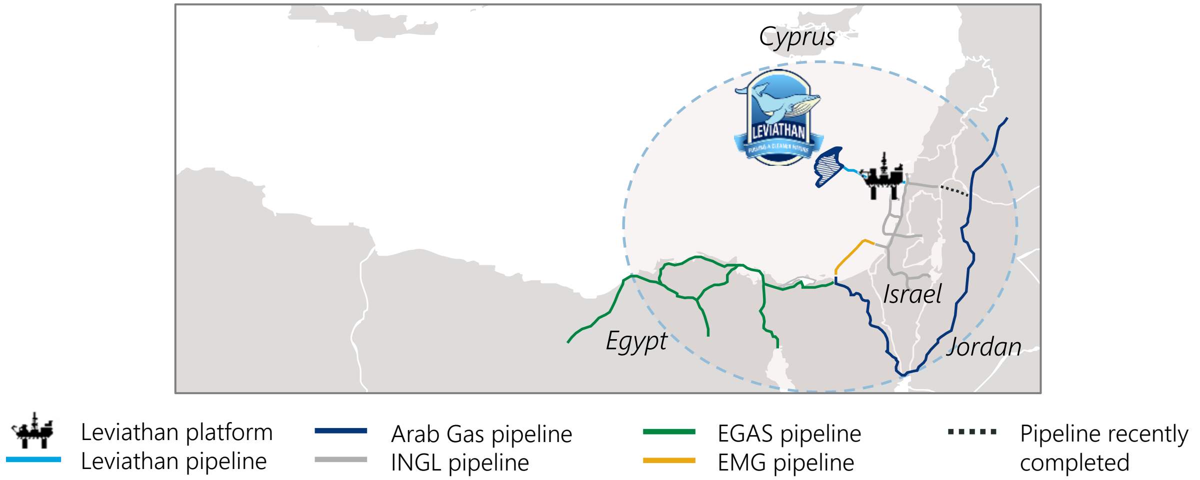
Egypt

- Gas deficit in the mid term and vision to become a regional gas hub places Leviathan as the key external source of supply
- Signed an export agreement to Egypt via Dolphinus Holdings, securing c.60BCM of gas over 15 years[5]
- EGPC[1] also one of the key investors[2] in the EMG pipeline connecting Israel and Egypt

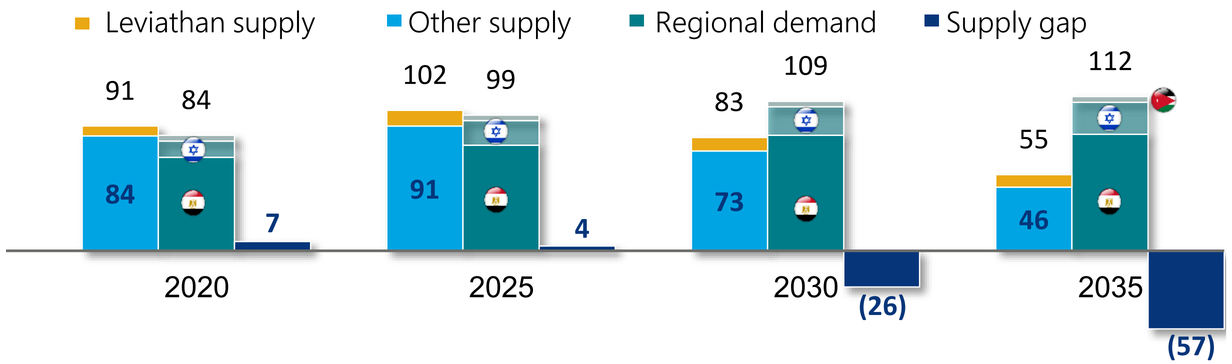
Jordan

- Without any notable domestic production, Jordan is fully dependent on natural gas imports
- NEPCO[3] secured the supply of c.45BCM of gas from Leviathan over 15 years

Leviathan's key markets and connectivity



Regional supply and demand dynamics (BCM)[4]



Leviathan is a key strategic asset addressing the region's immediate energy needs

Source: Company information, NSAI report as of June 2020, Wood Mackenzie, BDO
1. Egyptian General Petroleum Corporation
2. Holds 10% stake in EMG
3. Jordanian National Electric Power Company
4. Israel demand from BDO; Egyptian and Jordanian demand from Wood Mackenzie; Supply figures for Egypt include Onstream, under-development, probable development and technical reserves from Wood Mackenzie; Supply figures for Jordan from Wood Mackenzie, Supply figures for Israel from Delek Drilling estimates
5. Agreement between Leviathan and Dolphinus Holdings; In June 2020, Dolphinus endorsed the Export to Egypt Agreement to an affiliate – Blue Ocean Energy

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2 … well positioned to take advantage of the Israeli energy transition and increasing regional gas demand

Overview

- Israel's increasing demand for gas is driven by strong macroeconomic fundamentals and an its accelerated energy transition from coal-based, to gas-based power generation
  - Israel gas demand expected to grow at c.6% CAGR '20E-'30E
- Gas demand in Egypt and Jordan has also seen strong recovery on the back of available supply, increasing gas-fired generation and growing industrial sectors
  - Egypt gas demand expected to grow at c.2% CAGR[3], while Jordan gas demand is expected to stay flat[3]

Key drivers of Israel's gas demand growth

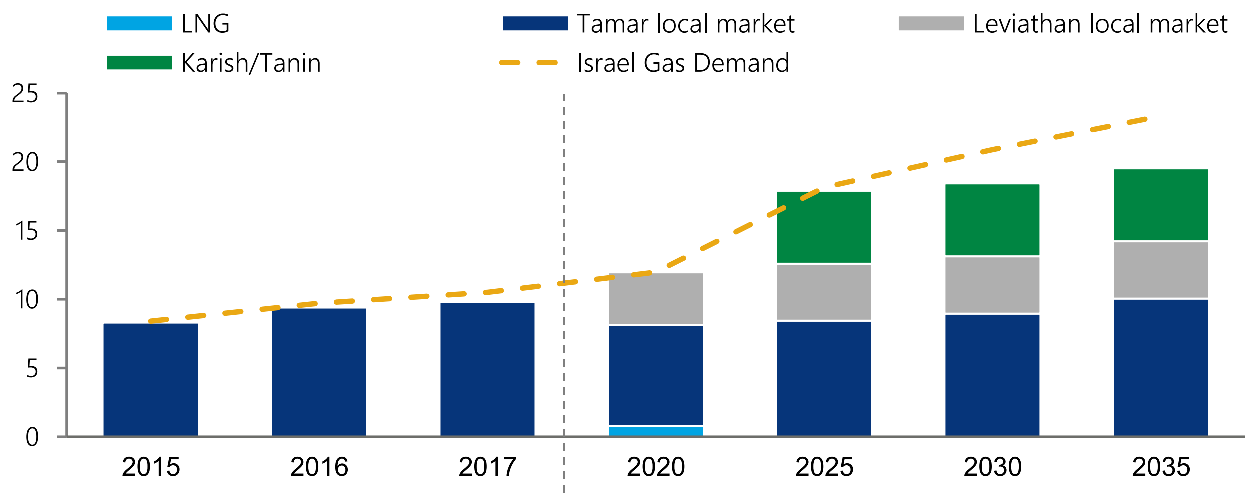
1. Increasing electricity demand
2. Transition from coal to gas generation
3. Increasing use of gas in petrochemicals
4. Shift to EV and CNG based transportation
5. Increasing water desalination

+c.9 BCM of additional gas demand[3]

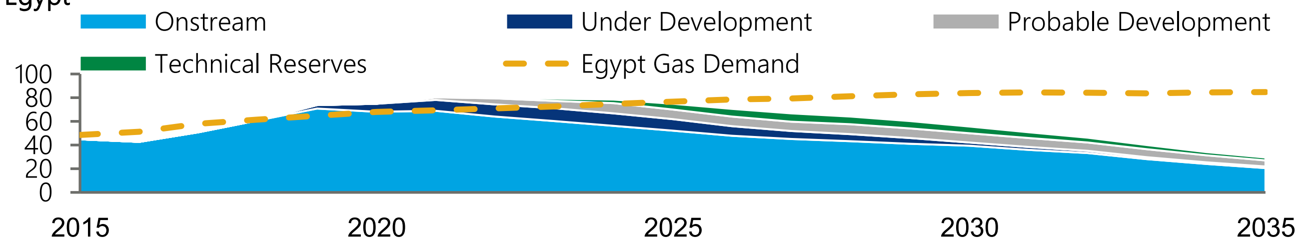
Key pillars of Israel's energy transition program

Country supply and demand dynamics (BCM)

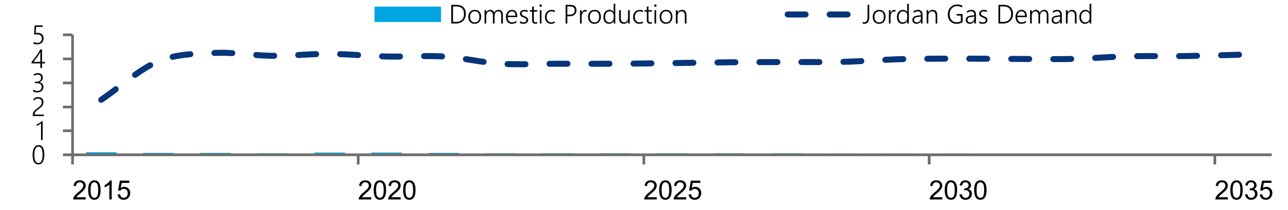
Israel[1]



Egypt[2]



Jordan[2]



Source: Company information, Wood Mackenzie, BDO
1. Domestic demand from BDO, supply from Delek Drilling estimates
2. From Wood Mackenzie
3. Between 2020 and 2030

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Strong contracted long-term cash flow generation with protection against downside commodity price risk

Overview

Solid contracts with attractive floor prices

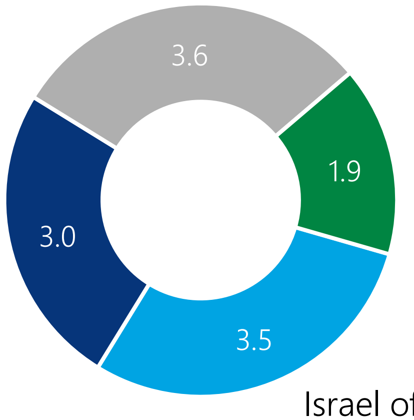
- Robust long term contracted client base - contracted volumes range from 75% to 80%[1] of gross 12BCM capacity
- Majority "take or pay" type, USD denominated contracts with minimum annual offtake quantities and strong floor prices providing stability and visibility into cash flows

Low opex, capex and decom. spend

- High quality reservoir and lean operations enabling opex levels of c.\$0.5/mcf (\$2.9/boe)[3]
  - Compares very favourably to E&P companies average of c.\$2.3/mcf (\$13.1/boe)[4]
- Low maintenance capex due to low well count and brand new facilities with no decommissioning spend in the foreseeable future

Current contract status[2]

Gross capacity: 12BCM p.a.



"Take or pay" contracts and strong floor prices that provide protection and visibility into cash flows

Source: Company information, NSAI report as of June 2020, Wood Mackenzie, BDO
1. Based on 2021 - 2034
2. Maximum Annual Contracted Quantity for FY2020 as of June 2020
3. Average opex/mcf between 2021 and 2034 based on NSAI report as of June 2020
4. Includes EnQuest, Cairn, Tullow, Premier Oil, Pharos, Energean, Nostrum; As of FY2019
5. Leviathan was awarded IEC's tender for provision of short term spot supply estimated at 2BCM p.a.
6. EA Tariffs refers to tariffs set by the Electricity Authority for Electricity from time to time

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3 Strong contracted long-term cash flow generation with protection against downside commodity price risk (cont'd)

Leviathan GSPAs overview

GSPAs provide protection from volume and price risk whilst allowing for operational flexibility

- To date, the Leviathan Partners have entered into several GSPAs, representing a balanced composition of domestic and international offtakers
  - Contracts range in duration from 2 years[1] to 25 years
- Majority "take or pay" type, USD denominated contracts with minimum annual offtake quantities and strong floor prices providing stability and visibility on cash flows
  - Price risk is partly mitigated through floor prices – price formulas vary by contract based notably on Brent crude oil and Israeli Electricity Authority Production Tariff ("EA")
  - Volume risk is partly mitigated through take-or-pay commitments - although the contracts with different offtakers vary in details such as term, indexation and level of service (firm or interruptible supply), vast majority of the contracts include a high level of take-or-pay commitment

Sovereign Rating: A1 / AA-

Israeli offtakers

- 13 Israeli offtakers: 2 investment grade corporations – IEC (S&P Rating BBB), 8 IPPs Independent Power Providers (IPPs) and 4 Industrial customers, including ICL[4] (S&P Rating: BBB-)
  - Israel Electric Corporation (IEC), a 99.8% state-owned electricity company, is a vertically integrated electric utility company, operating in both generation and transmission & distribution
- The IPPs are fuelled primarily by natural gas to generate and supply electricity to end-users. The IPPs have a total contracted quantity of 36.7 BCM with an average contract duration of c.14 years

Offtake agreements

- IEC sales volume is expected to reach 2.0 BCM p.a. in 2020 and 2021
  - Fixed price contract
- Contracts signed with various IPPs and industrial customers
  - Aggregate contracted volumes of c.1.52 BCM in 2020 and c.3.16 BCM p.a. based on 2021 – 2034 (not including IEC)
  - Prices linked to EA tariff[2]
  - Most GSPAs have floor prices of c.$4.7MMBTU[3]

Source: Company information
Note: "ACQ" stands for Annual Contracted Quantities
1. Includes IEC which has entered into a short-term spot GSPA for the difference between its ToP from Tamar and its annual take
2. EA Tariffs refers to tariffs set by the Israel Electricity Authority for Electricity from time to time
3. Based on Government Gas Framework; $4.7MMBTU is the floor price in most GSPAs
4 Israel Chemical Ltd.

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Strong contracted long-term cash flow generation with protection against downside commodity price risk (cont'd)

Leviathan GSPAs overview

Sovereign Rating: B2 / B

Egypt – Dolphinus

- Dolphinus is a special purpose company incorporated to import natural gas from Israel to Egypt[1]
  - Dolphinus supplies gas ultimately to EGAS (The Egyptian Natural Gas Holding Company)
    - EGAS is a 100% Egyptian state-owned holding company, which owns and manages state stakes in different gas projects
  - Dolphinus was co-founded by senior Egyptian businessmen
  - Delek, Noble and East Gas Company (Egyptian governmental infrastructure company) acquired a 39% stake in Eastern Mediterranean Gas (EMG), owner of the EMG pipeline, and have secured full operational control over the EMG pipeline in order to ensure and fully effect export of gas from Leviathan for the entire of the Dolphinus agreement. The EMG pipeline is a 26-inch diameter, 89k (c. 85k subsea), from Ashkelon (Israel) to El-Arish (Egypt) with current capacity of up to 700 MMcf/d (c. 7 BCM p.a.). The acquisition of 39% of EMG for approx. $530mm, $150mm of which by East Gas represent a strategic alignment with a major regional infrastructure player

Offtake agreement

- Total contracted quantity of c.60 BCM over 15 years, with 2-year potential extension
  - ACQ of 3.6 BCM p.a. up to June 2022
  - ACQ of 4.7 BCM p.a. onwards
  - ACQ can be reduced by Dolphinus to 50% in a year in which the average daily Brent price is lower than $50/bbl
- Gas prices linked to Brent with floor price
- The Export to Egypt Agreement includes a mechanism for updating the price at a rate of up to 10% (up or down) after the 5th year and after the 10th year of the agreement upon fulfilment of certain conditions that are set forth in the agreement

Sovereign Rating: B1 / B+

Jordan – NEPCO

- NEPCO is the National Electric Power Company of the Kingdom of Jordan
  - Wholly owned and guaranteed by the Jordanian Government; NEPCO GSPA is backed by the Jordanian government

Offtake agreement

- Total contracted quantity of c.45 BCM over 15 years
- ACQ of c.3.0 BCM p.a.

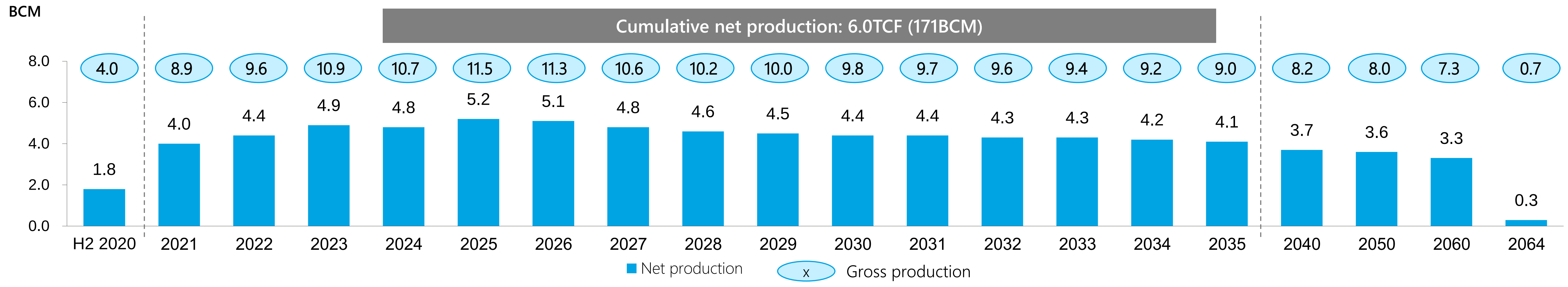
Delek Drilling purchased country risk mitigation solutions for various foreign exposures to off-take agreements and infrastructure facilities with regards to domestic and export GSPA's

Source: Company information
Note: "ACQ" stands for Annual Contracted Quantities
[1] In June 2020, the Dolphinus Export Agreement was novated to Blue Ocean Energy (a Cayman Islands company and an affiliate of Dolphinus)

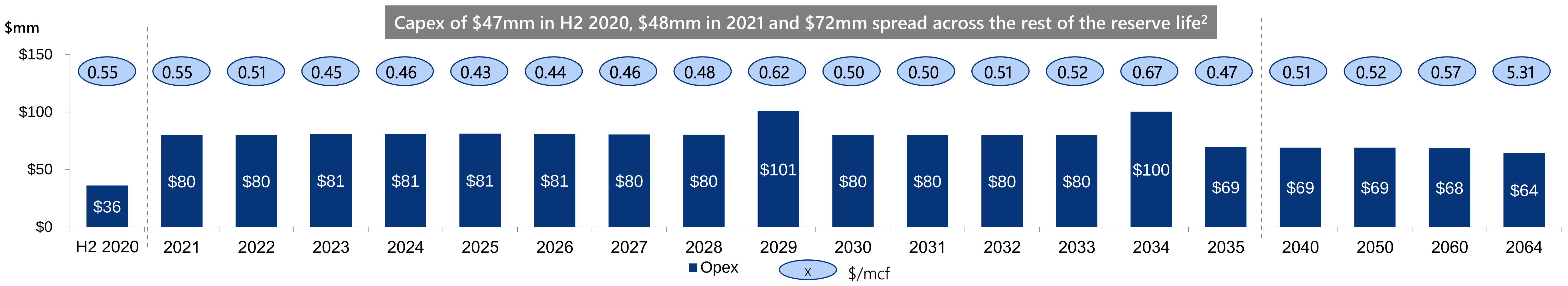
Strong contracted long-term cash flow generation with protection against downside commodity price risk (cont'd)

Production and cost profile (45.34% WI)

Net production profile (2P)[1]



Net opex profile (2P)[1,2]



Source: Company information, NSAI report as of June 2020

1. Based on gross 12 BCM p.a. production capacity; Additional wells not included, hence moderate reduction in production profile

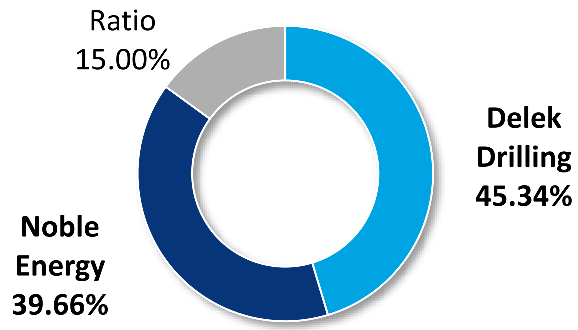
2. Major well interventions included in Opex instead of Capex; Capex includes Abex

Delek Drilling

4 Strategic, longstanding partnership with a best in class operator

Strategic, longstanding partnership...

✓ Pioneering and longstanding partnership active for over 20 years[5]



Noble and Delek operating together in the East-Med since 1999

✓ Track record of discovery, development and operational success

Leviathan

Tamar

Yam Tethys

✓ Significant gas discoveries in the East Med basin

Yam Tethys	<1 TCF[1]
Tamar	12.9 TCF[2]
Leviathan	22.9 TCF[3]
Aphrodite	3.5 TCF
Karish / Tanin	2.1 TCF[6]

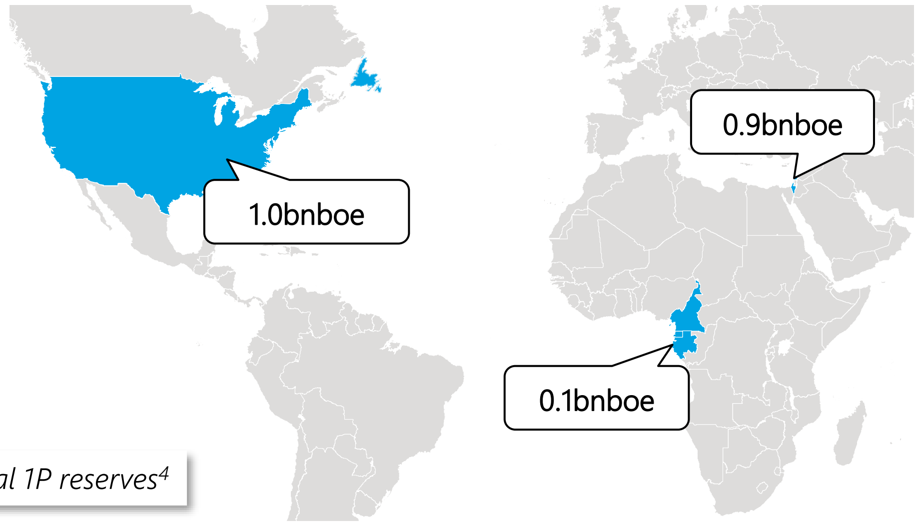
... with a best in class operator

Overview

- Leading US-based E&P company with significant operating positions across the US, East Med and West Africa
- Successfully delivered Leviathan development on time in less than 3 years and below budget, saving c.$200mm
- Serves as the operator in Tamar gas field, which carries similar characteristics to Leviathan
  - Maintained an up-time of over 99% since the field came online in 2013

Worldwide asset footprint

noble energy



Total 1P reserves[4]

Source: Company information, NSAI report as of June 2020
[1] Recovered; Depleted
[2] Estimated total recoverable including Tamar SW as of December 2019
[3] Estimate Ultimate Recoverable
[4] 2019 reported proved developed + undeveloped reserves
[5] Approximate percentages
[6] Karish (1.3 TCF), Tanin (0.8 TCF)

Delek Drilling

5

Strong management with unmatched operational track record in the East Med

Delek Drilling management: Instrumental in developing the East Med oil & gas industry

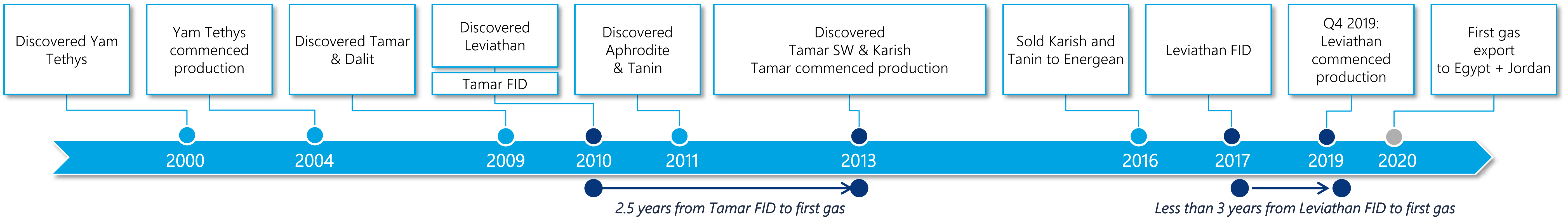
Yossi Abu – CEO

- Mr. Abu has been with Delek since 2009 and serves as CEO since 2011
- Previously, served as Senior Professional Advisor to Israel's Minister of Finance
- Key partner in the development of local regulatory framework
- Key in establishing relationships with offtakers in Egypt and Jordan, signing c.$18bn GSPAs for Tamar and Leviathan

Yossi Gvura – Deputy CEO, Finance

- Mr. Gvura has been with Delek since 2007 and serves as Deputy CEO of Delek Drilling since 2012
- Focused on strategy and financial affairs
- Extensive experience in both local and international capital markets
- Mr. Gvura has been instrumental in equity and debt capital issuances of over c.$6bn for the Tamar, Leviathan and Yam Tethys gas fields

Delek Drilling: Unique track record in the East Med



Source: Company information

Delek Drilling

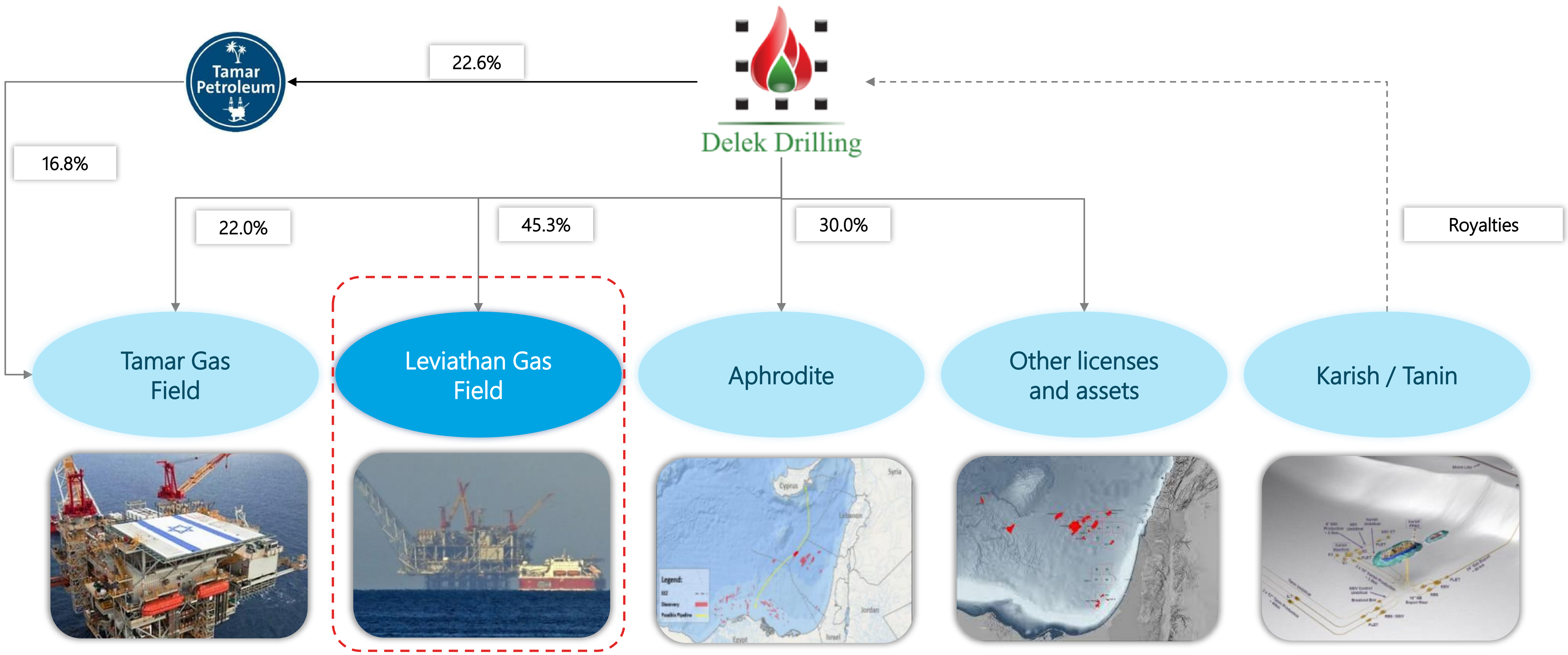
Delek Drilling
Leviathan Gas Field

1. World-class asset, 50+ year life, significant reserve upside potential
2. Strategically located in the East Med, well positioned to take advantage of the Israeli energy transition and increasing regional gas demand
3. Strong contracted long-term cash flow generation with protection against downside commodity price risk
4. Strategic, longstanding partnership with a best-in-class operator
5. Strong management with unmatched operational track record in the East Med

Delek Drilling financial profile

Delek Drilling

Delek Drilling: Corporate structure



Source: Company information, TASE

Delek Drilling is independent from Delek Group

- Delek Drilling is the largest publically traded Israeli E&P partnership (Tel Aviv Stock Exchange: DEDR.L) owned 55% by Delek Group and 45% by the public
- Delek Drilling has an independent management team, distinct and separate from Delek Group
- Delek Drilling's Board of Directors consists of 8 directors, 4 of which are independent directors (bios below)
- All directors' fiduciary obligation is to Delek Drilling, not Delek Group
- Any transaction involving the Delek Group requires the majority approval of solely the independent directors
- Fahn Kanne & Co., Accountants and Keidar Supervision & Management serve as Supervisors of the Partnership, which under Israeli law are authorized to take necessary steps to ensure the fulfillment of the General Partner's duties and obligations to the Partnership

Overview of independent / external directors

Jacob Zack
External Director

- Former CEO and later Chairman of the Board of Gadot Biochemical Industries
- Previously served as CFO of Gadot
- BA in economics and accounting and an MBA, both from Tel Aviv University

Ronnie Bar-On
Independent Director[1]

- Former Minister of Finance, Minister of Interior, Minister of National Infrastructure and Minister of Science and Technology
- Elected 3 times to the Israeli Parliament
- Founder of the Bar-On, Axelrod & Co.
- LLB from Tel Aviv University

Amos Yaron
External Director

- Maj. General in Israel Defense Forces (IDF) Reserves
- Formerly Chief Officer of Infantry Corps, as well as Head of IDF Manpower Directorate
- Served as Military attaché in Washington
- BA in Middle East Studies from Tel Aviv University and is a graduate of the Israeli College for National Security

Efraim Sadka
External Director

- Emeritus professor of Economics at Tel Aviv University
- Former External Director of Bank Leumi and Paz Oil Co.
- Served sporadically as external consultant and guest scholar in the IMF
- BA in Economics and Statistics from Tel Aviv University and Ph.D. from M.I.T

Source: Company information

[1] An independent director is not a controlling shareholder or his relative, is not Chairman of the board, is not employed by and does not regularly provide services to the Partnership or the controlling shareholder, and whose main livelihood does not depend on the controlling shareholder

Delek Drilling – Debt structure overview

($mm)	Balance as of March 31, 2020	Maturity	Interest rate
Leviathan First Lien Capex Facility (Leviathan project level)	$1,689[1]	Feb-21	L+4.50%
Tamar Secured Bonds (Tamar project level)	720[2]	Dec-20 / Dec-23 / Dec-25	4.44% / 5.08% / 5.41%
Total Project Level Secured Debt	*$2,409*		
Secured Term Loan	300	Dec-20	L+3.50%
Total Secured Debt	*$2,709*		
Unsecured Corporate Bond	400	Dec-21	4.50%
Total Delek Drilling Consolidated Debt	$3,109		

Delek Drilling is currently evaluating options in the debt markets to streamline and optimize the Leviathan capital structure

Source: Company information
[1] Company has paid $57mm since March 31, 2020 with a current balance of $1,689 as of June 30, 2020 [2] Adjusted for $240mm prepayment of Tamar Bond Notes due December 2020 settling on July 15

Delek Drilling

Delek Drilling cash inflows and outflows

Projected cash flows (USD mm)

	For the period		
Sources	Apr – Dec 2020	Jan – Dec 2021	Jan – Mar 2022
Cash, cash equivalents and bank deposits, beginning of year	374	653	725
Revenues from the sale of gas and condensate, net of royalties	535	657	131
Revenues from royalties and repayment of a loan from Energean	-	14	22
Withdrawal of funds from a loan for financing the Leviathan project	42	-	-
Proceeds from the sale of oil and gas assets	-	1,114	-
Leviathan reservoir based debt raising (net of transactions costs)	2,475	-	-
Total sources	3,426	2,438	878
Expected uses for operating activities and investment:			
Ordinary expenses	9	12	3
Production expenses and investments in gas and oil assets	184	180	57
Oil and gas levy, tax balancing payments	32	307	26
Total uses for operating activities and investment	225	499	86
Total expected uses for financing activity			
Payments of principal and interest of loans from financial corporations	2,163	157	-
Series A bond principal and interest payments	18	409	-
Tamar Bond principal and interest payments	367	648	-
Total uses for financing activity	2,548	1,214	-
Closing balance	653	725	792

For further specifications, please refer to Delek Drilling's Q1 2020 report, under "Report of the Board of Directors of the General Partner for the Period Ended March 31, 2020" part one section 3E

Delek Drilling

Delek Drilling debt breakdown and key credit metrics

Debt breakdown (USD mm)	For the Twelve Months ended Dec 2020	Dec 2021	Mar 2022
Leviathan reservoir based debt raising	2,500	2,500	2,500
Tamar Secured Bonds (Tamar project level)[1]	640	-	-
Series A bond[2]	400	-	-
Gross debt	**3,540**	**2,500**	**2,500**
Less: Closing cash balance	(653)	(725)	(792)
Net debt	**2,887**	**1,775**	**1,708**

Key credit metrics (USD mm)	Dec 2020	Dec 2021	Mar 2022
Leviathan 45.34% WI 2P EBITDA[3]	414	531	543
Tamar 22.0% WI 2P EBITDA[4]	313	-	-
Total EBITDA	**727**	**531**	**543**
Gross debt / EBITDA	**4.9x**	**4.7x**	**4.6x**
Net debt / EBITDA	**4.0x**	**3.3x**	**3.1x**

[1] Tamar bond repaid in full upon sale of Tamar 22% working interest in 2021
[2] Series A bond repaid 50% upon the sale of Tamar 22% working interest and 50% at maturity (December 2021)
[3] Leviathan EBITDA calculated as Revenues – Royalties – Operating expenses based on cash flows calculated on the basis of Bloomberg Brent Forward Curve as of 10-7-20. 2020: $43.5; 2021: $45; Thereafter: $50 flat; 2020 EBITDA calculated as the expected H2 2020 EBITDA plus H1 2020 EBITDA (as detailed on page 6);
[4] EBITDA calculated as Revenues – Royalties – Operating expenses, per the figures published by NSAI in its latest reports for Tamar (December 2019)

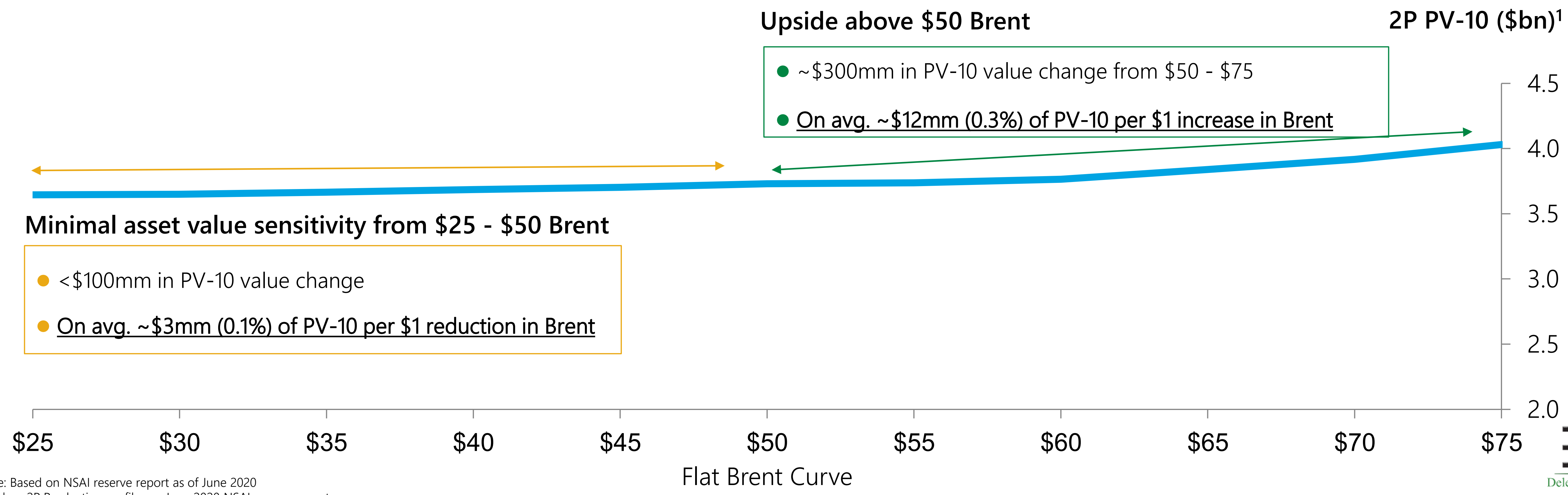
Delek Drilling

Appendix

Strong contracted long-term cash flow generation with protection against downside commodity price risk

- Given all major offtake contracts have floor prices, Leviathan's asset value is <u>downside protected and has very low sensitivity to falls in Brent price</u>
  - Between $25 and $50 Brent, a $1 decrease in Brent only results in ~$3mm (0.1%) of PV-10 reduction, on average
- Brent-linked contracts escalate with increases in Brent prices which retains upside for the asset to commodity price
  - Between $50 and $75 Brent, a $1 increase in Brent results in $12mm (0.3%) of PV-10 value, on average

Illustrative Leviathan PV-10 sensitivity to Brent price ($bn) – based on 2P production profile run at flat Brent curve



Source: Based on NSAI reserve report as of June 2020

[1] Based on 2P Production profile per June 2020 NSAI reserve report

Overview of royalties, levy, depreciation and taxes applied to O&G assets in Israel

Overriding royalties (ORRI)	• The financial projections include statutory and contractual royalties that are required to be paid by Delek Drilling in connection with its Working Interest and Delek Drilling's contracted obligations
	• The financial projections include the payment of the required levy payments pursuant to the Taxation of Profits from Natural Resources Law
	• <u>Overriding royalties (ORRI):</u>
	• A leaseholder is required to pay royalties of 12.5% of the volume of oil and gas produced and utilized to the Israeli government according to the market value of the royalties at the well head (effectively 11.5%[1])
	• Overriding royalties ("ORRI") paid to third parties and related parties
	  – Delek Drilling pays ORRI at an aggregate rate of approximately 4.5% before recoupment of costs ("Payout") and 9.5% after Payout (effectively 4.1% and 8.7% respectively[1]). Calculation of the effective ORRI rate is made according to the principles under which the state's royalties are calculated
	  – In June 2020, The Ministry of Energy published general guidelines for calculating the effective royalty rate for the State and is expected to publish guideline for each project
	    – The rate here stated is based on 11.5%[1] effective rate to the state
	• <u>Levy:</u>
	• Imposed on the JV level only after the investments in exploration, development and construction are fully returned plus an uplift that reflects the developer's risk and required financial expenses (R-factor), as allowed by law
	• R-factor is calculated on a progressive basis and will increase over time as the project's profit grows
	• Levy for Leviathan starts from R-Factor reaching 1.5X, meaning full investment return plus
	• Tax deductible expense
	• Profit levy ranges between 0% - 50% (46.8% after certain adjustments from 2018)
	• Uplift on exploration expenses: 200% with a cap

Fixed asset depreciation	• Investments in fixed assets is depreciated (for tax purposes) at straight line over 10 years, for most capital investments
Taxes	• Israel Corporation Tax rate of 23%

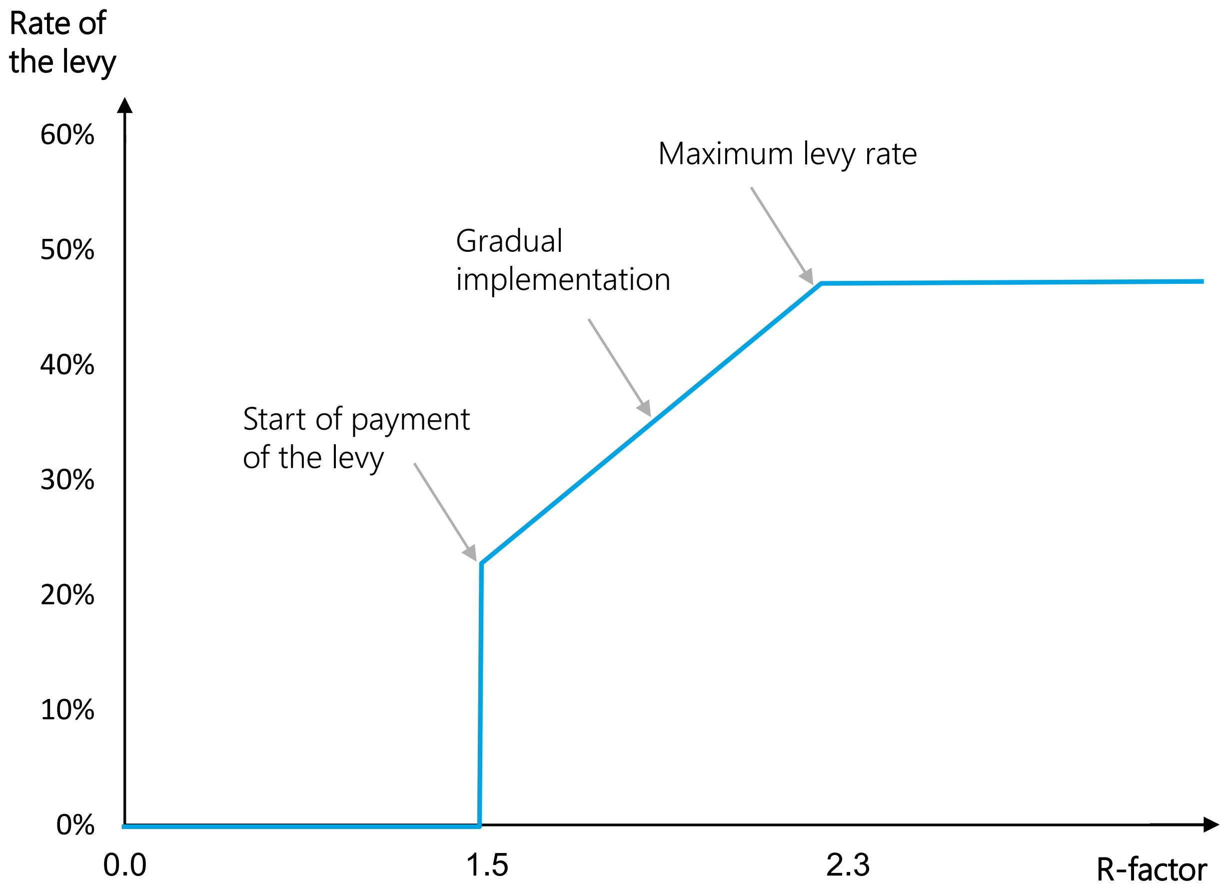
[1] Effective rate according to Delek Drilling's estimates

Petroleum levy (Sheshinski)

Levy calculation

- In 2011, the Israeli parliament enacted the Taxation of Profits from Natural Resources Law
- The Law caused a change in the taxation principles for income of the oil and gas industry, including imposing a levy on oil and gas profits
- The rate of the levy will be calculated according to an R-factor mechanism:
  - According to the ratio between the net aggregate revenues from the project and the aggregate investments
  - A minimum levy of 20% will be collected commencing from the point when the R-factor ratio reaches for Leviathan 1.5x, and as the ratio rises, the levy progressively increases up to a maximum rate of 50% when the ratio reaches 2.3x
  - Additionally, it was determined that the rate of the levy will be reduced by multiplying 0.64 by the difference between the corporate tax rate in respect of each tax year and the 18% tax rate, therefore the maximum effective tax rate once the ratio reaches 2.3x is 46.8% and corporate tax is 23%
- The Levy rate is applied to the Levy base which is defined as Working Interest Revenues *less* Royalties *less* Operating expenses *less* Capital expenditures *less* Abandonment expenditures

R-factor mechanism



Delek Drilling

Key defined terms

Term	Definition
1P	Proved Reserves
2P	Proved + Probable Reserves
Bcf/d	Billion cubic feet per day
BCM	Billion cubic meters
BCM p.a.	Billion cubic meters per annum
Boe	Barrel of oil equivalent
EMG	Eastern Mediterranean Gas pipeline
IEC	Israeli Electric Corporation

Term	Definition
INGL	Israel Natural Gas Lines Ltd.
IPP	Independent Power Producer
JOA	Joint Operating Agreement
MMBTU	Million British thermal units
NEPCO	National Electric Power Company of Jordan
NSAI	Netherland, Sewell & Associates, Inc.
EA	Electricity Authority
TCF	Trillion cubic feet

Delek Drilling