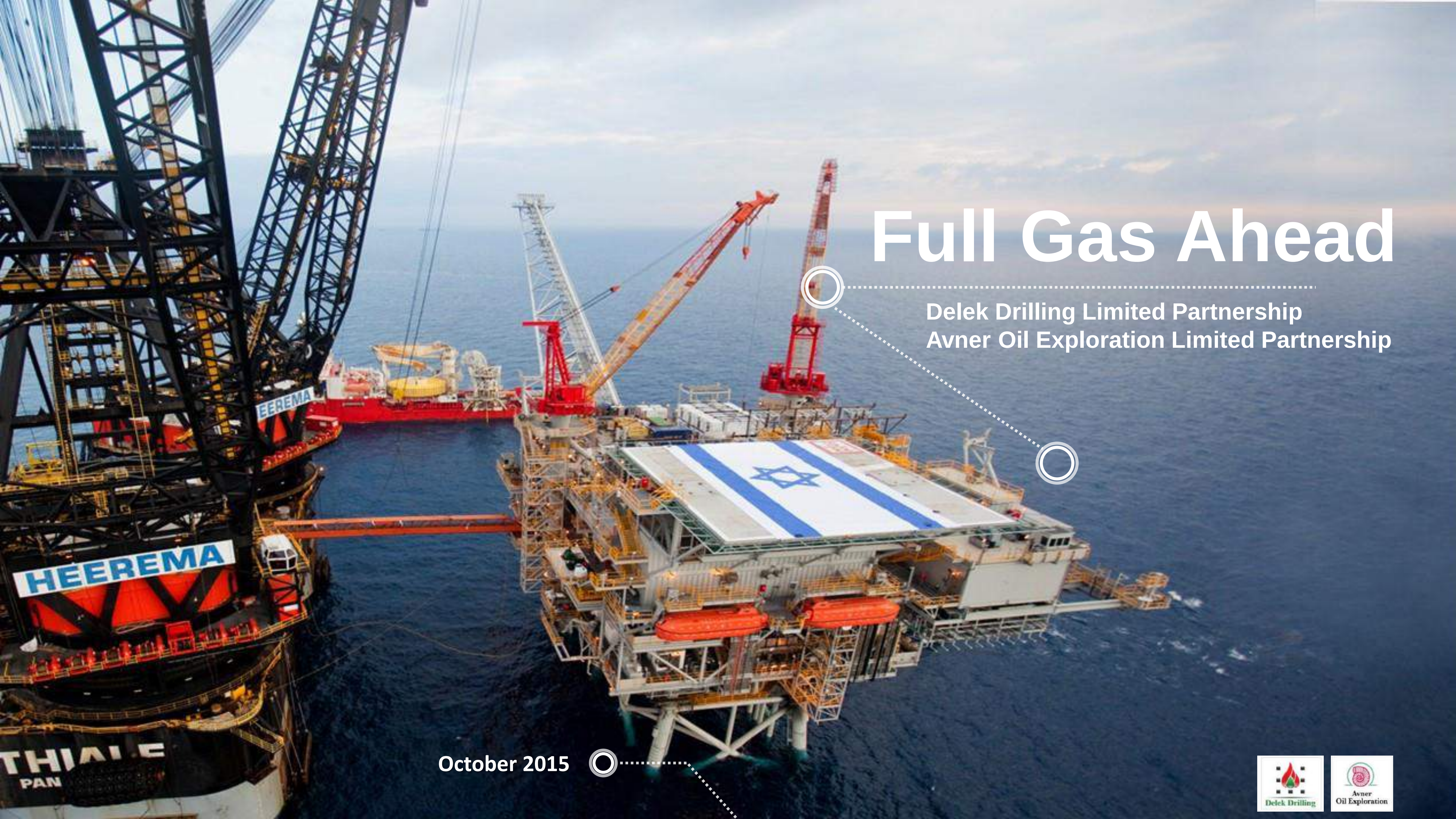


Full Gas Ahead

Delek Drilling Limited Partnership
Avner Oil Exploration Limited Partnership

October 2015

Delek Drilling

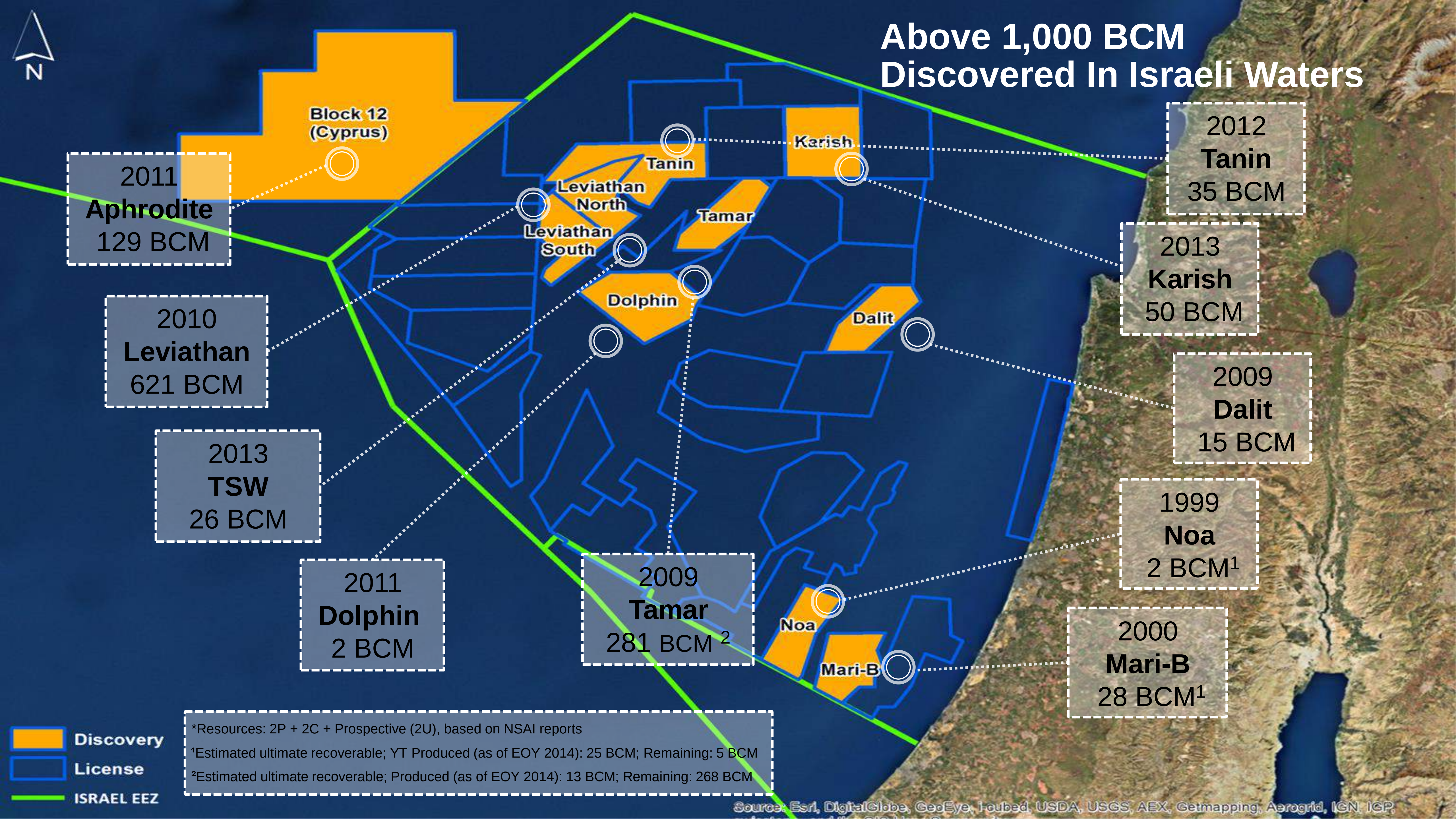
Avner Oil Exploration

This presentation was prepared by Delek Drilling – Limited Partnership and Avner Oil Exploration – Limited Partnership (jointly, the "**Partnerships**"), and is given to you only for the provision of concise information for the sake of convenience, and may not be copied or distributed to any other person. This presentation does not purport to be comprehensive or to contain any and all information which might be relevant in connection with the making of a decision on an investment in securities of the Partnerships.
No explicit or implicit representation or undertaking is given by any person regarding the accuracy or integrity of any information included in this presentation. In particular, no representation or undertaking is given regarding the realization or reasonableness of any forecasts regarding the future chances of the Partnerships.
To obtain a full picture of the activities of the Partnerships and the risks entailed thereby, see the full immediate and periodic reports filed by the Partnerships with the Israel Securities Authority and the Tel Aviv Stock Exchange Ltd., including warnings regarding forward-looking information, as defined in the Securities Law, 5728-1968, included therein. The forward-looking information in the presentation 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.
For the avoidance of doubt, it is clarified that the Partnerships do not undertake to update and/or modify the information included in the presentation to reflect events and/or circumstances occurring after the date of preparation of the presentation.

This presentation is not an offer or invitation to buy or subscribe for any securities. This presentation and anything contained herein are not a basis for any contract or undertaking, and are not to be relied upon in such context. The information provided in the presentation is not a basis for the making of any investment decision, nor a recommendation or an opinion, nor a substitute for the discretion of a potential investor.
This is a convenience translation of the Hebrew presentation of Delek Drilling – Limited Partnership and Avner Oil Exploration – Limited Partnership.
Only the original Hebrew presentation, which can be found on the Israeli Securities Authority and the Tel Aviv Stock Exchange websites, is true and correct.

Delek Drilling
Avner Oil Exploration

Above 1,000 BCM Discovered In Israeli Waters



*Resources: 2P + 2C + Prospective (2U), based on NSAI reports

[1] Estimated ultimate recoverable; YT Produced (as of EOY 2014): 25 BCM; Remaining: 5 BCM

[2] Estimated ultimate recoverable; Produced (as of EOY 2014): 13 BCM; Remaining: 268 BCM

Tamar Reservoir: Summer 2015 –

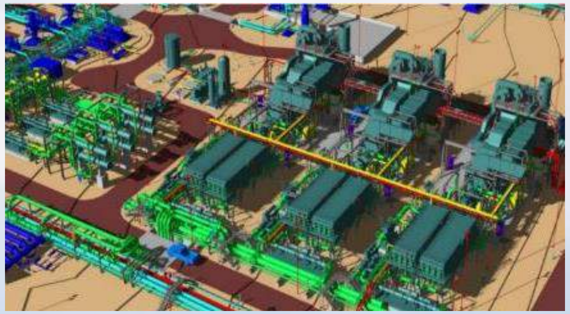
A New Record Of Gas Production To The Israeli Market

- The summer of 2015 saw a new Israeli record of production of natural gas
- Even this increased production level did not supply the full demand of the Israeli market
- LNG imports increased and expensive and polluting liquid fuels were burned to meet domestic demand

Compressor Project Successfully Completed

- The Project included the installation of three compressors and related systems
- Project budget – $262 million
- The compressors allow the increase of gas supply capacity, alongside additional operating benefits
- Ongoing operations are scheduled from mid-November 2015 and as needed
- Maximum hourly production capacity of 1.2 BCF/D

The compressors on the drawing board:



The compressors on the ground:

The Gas Framework

Steps on the way to final approval

- June 2015 – the Cabinet unanimously approved the Framework principles
- August 2015 – the Government approves the Framework: 17 in favor and only one against
- September 2015 – the Knesset supports the Framework, 59 in favor and 51 against

The goal

To have the approval of the Framework finalized over the coming weeks

The next steps

- Triggering of Section 52 of the Antitrust Law
- Formal consultation with the Economy Committee
- Final approval by the Government

The Gas Framework –
Long-Term Regulatory Stability

Regulatory certainty

Creating a regulatory environment that will enable investment decision making

Ratification of the commercial terms and conditions

The plan recognizes and officially ratifies the business-commercial reality as expressed in the agreements for the sale of gas from the Tamar reservoir

Green light for export

Clarification of the manner of calculation of export quotas
Cancelation of the link between exports from Tamar and exports from Leviathan

Six years to sell our share in Tamar

Regulation of the tax system, including in connection with the export projects

Leviathan and the Expansion of Tamar

Taking Off

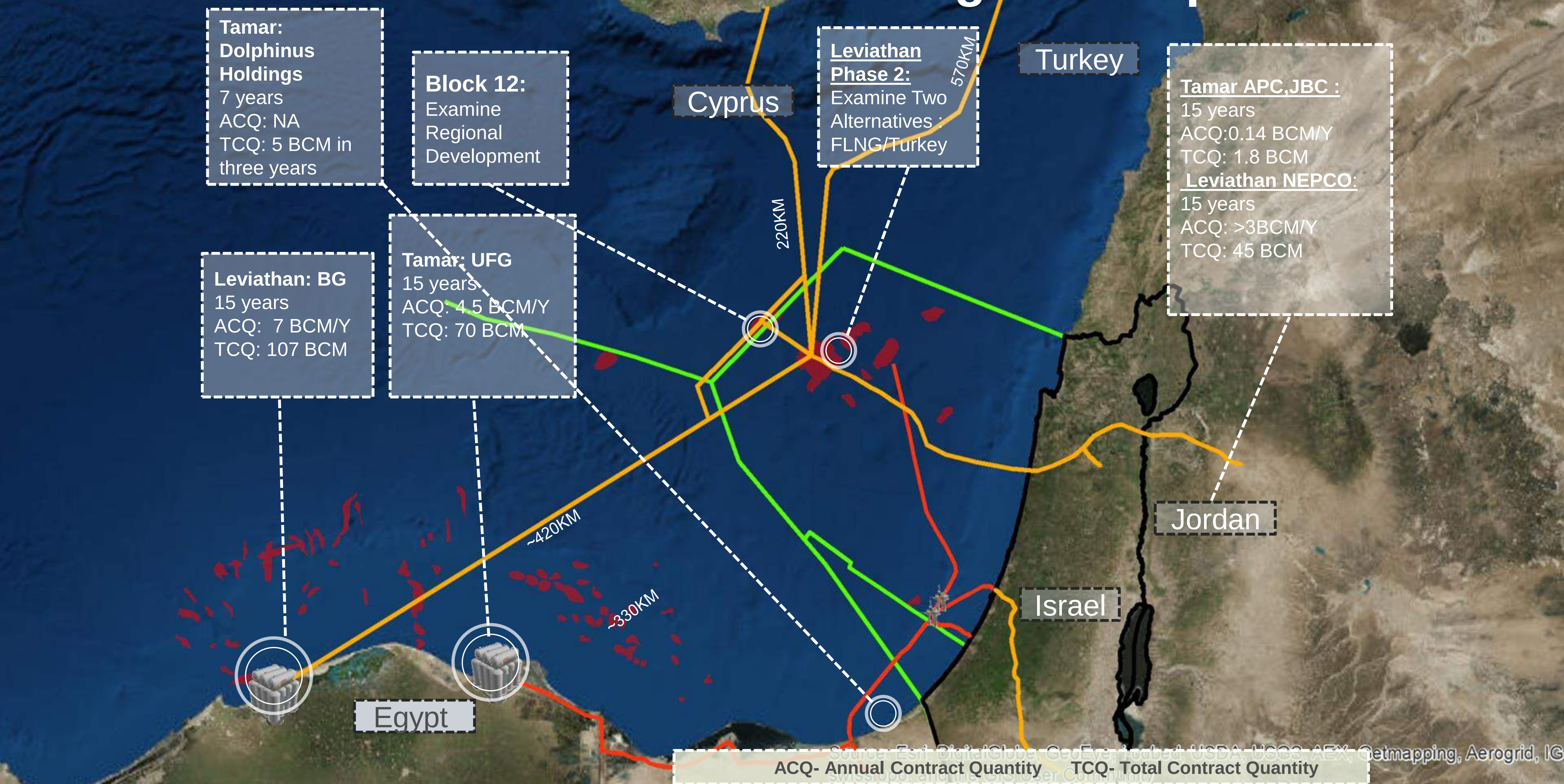
Israeli Gas Market Vision For 2020

- Redundancy in supplies to the domestic market – three producing reservoirs
- Goal – production capacity of ca. 40 BCM/Y
- Supplying the domestic market and exports

Israel

An island of supply in a sea of demand

Regional Export Markets



ACQ- Annual Contract Quantity TCQ- Total Contract Quantity

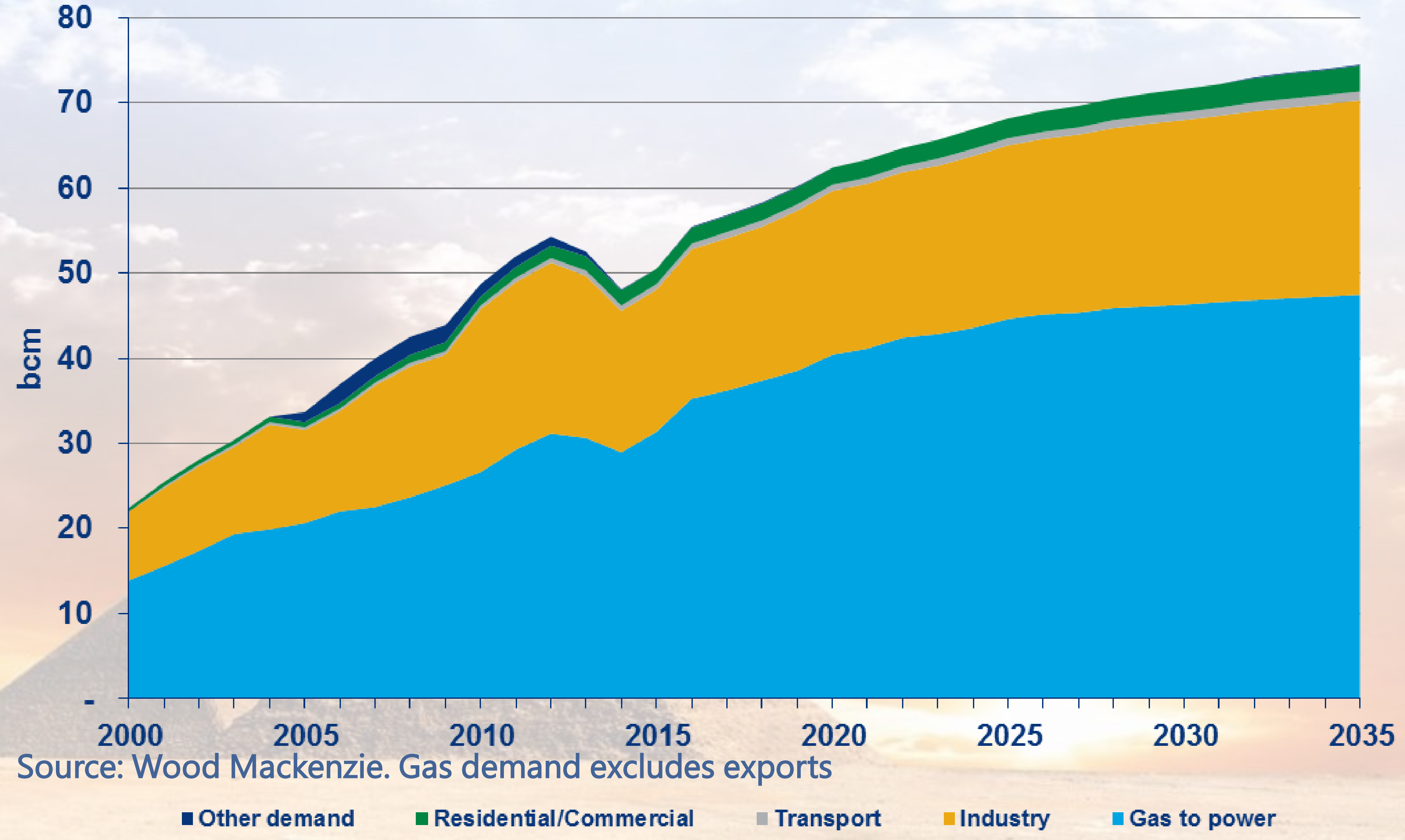
The Key Question
Where Is The Egyptian Market Headed?

Main trends:

- Significant and increasing consumption of natural gas
- Ongoing decline in the volume of natural gas produced from onstream fields
- Significant shortage of natural gas for domestic use, which has led to LNG imports
- Increase of (controlled) natural gas prices for the domestic market

Natural Gas Consumption In Egypt Is Constantly On The Rise

- Domestic demand forecast in Egypt (without export facilities)



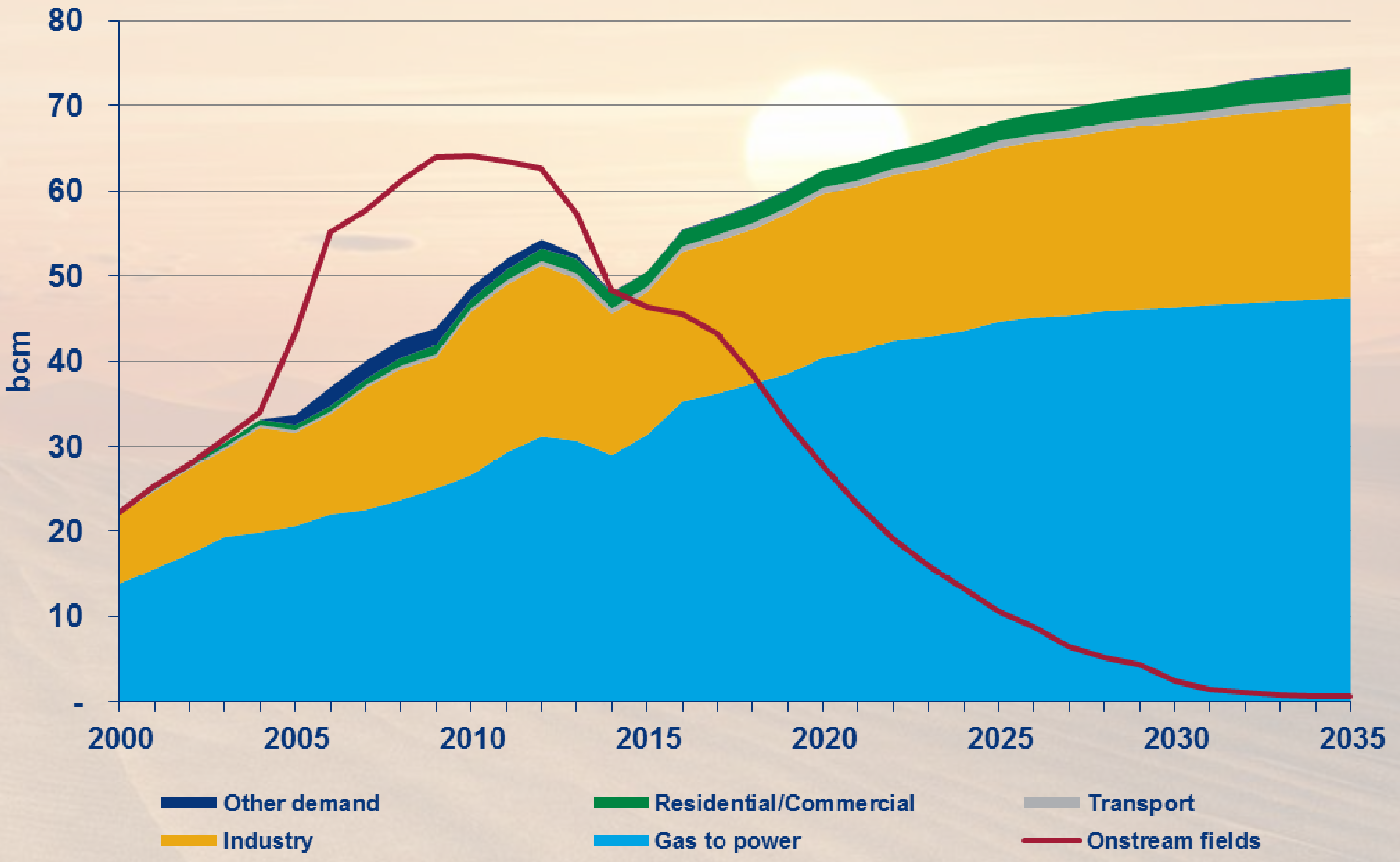
Source: Wood Mackenzie. Gas demand excludes exports

- 2020: 62 BCM
- 2025: 68 BCM
- 2030: 72 BCM

Delek Drilling
Avner Oil Exploration

The Rate Of Production From Egypt's Onstream Fields Is Constantly Declining

- The graph presents the production forecasts from producing fields versus the demand forecast in Egypt
- The gap between the demand forecast and the production from producing fields, in figures:

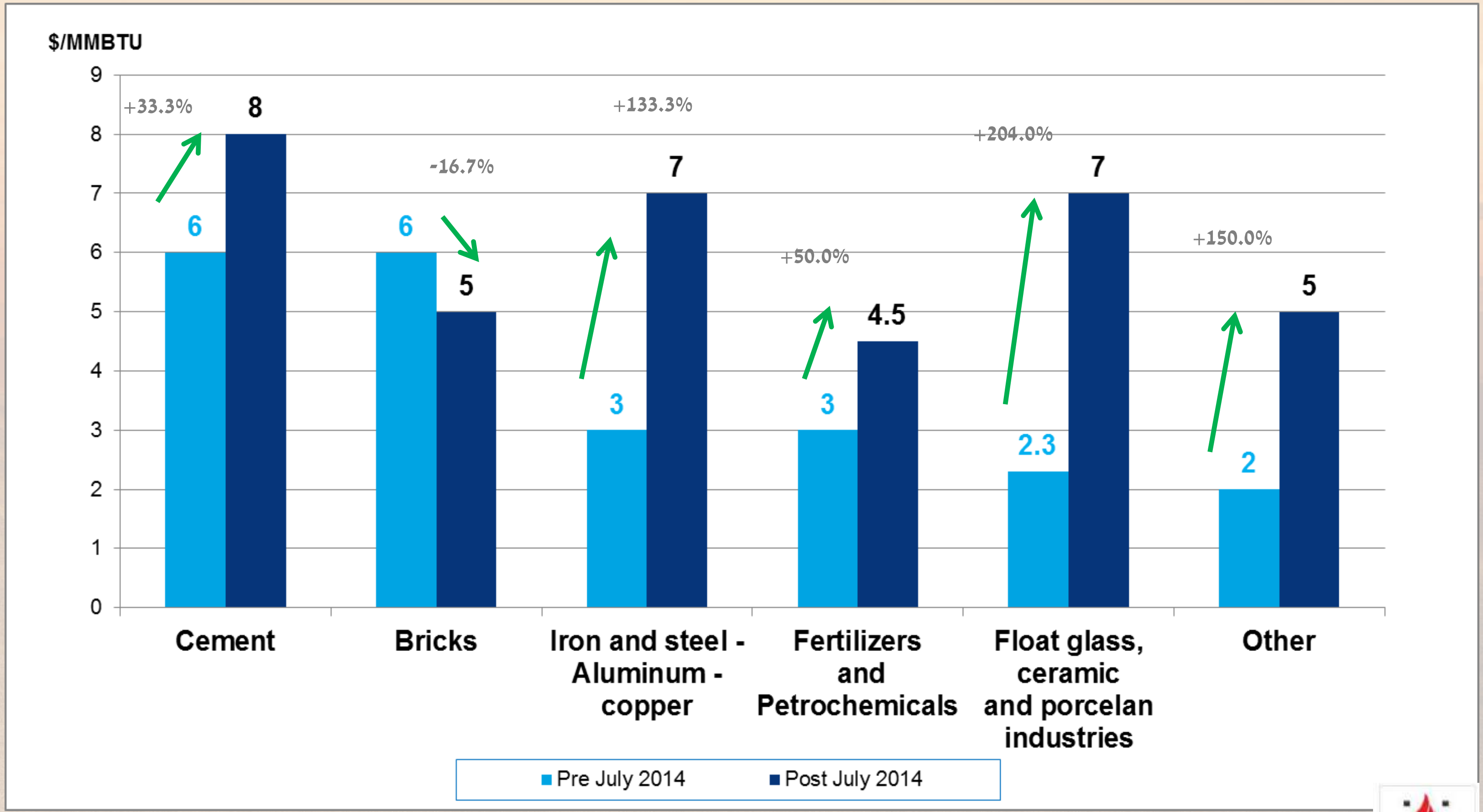


Source: Wood Mackenzie. Yet to find not included. Gas demand excludes exports.

- 2020: 35 BCM
- 2025: 58 BCM
- 2030: 69 BCM

Increase In The (controlled) Natural Gas Prices For The Domestic Market

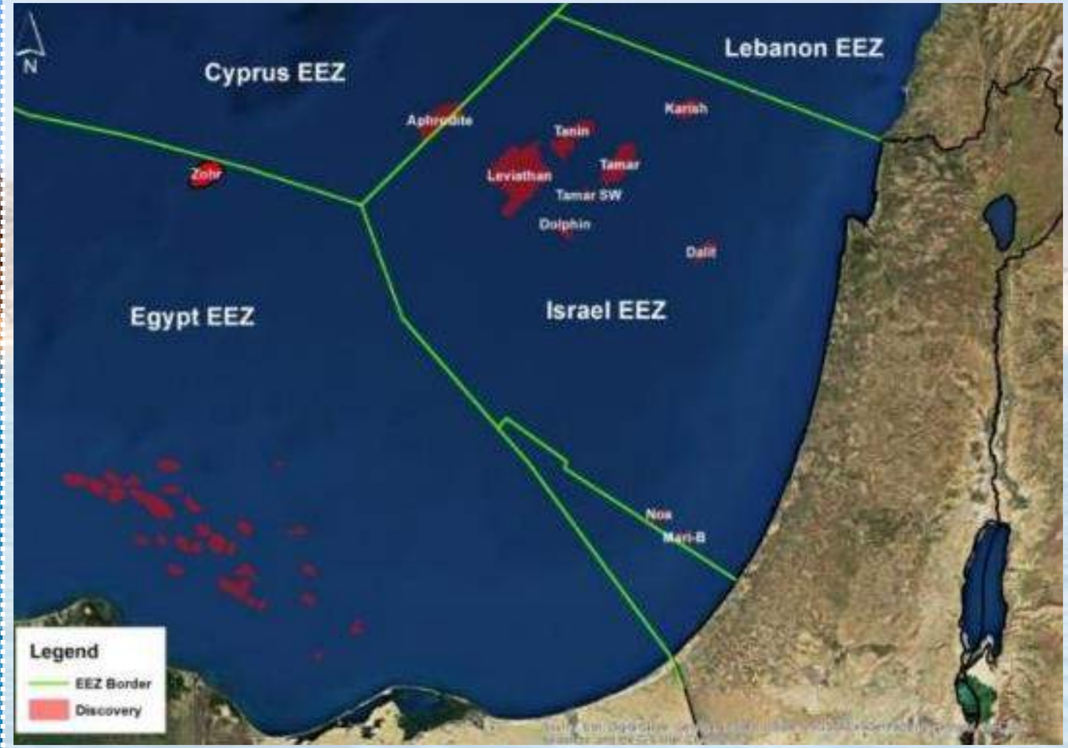
- The prices of natural gas for most sectors in Egypt have been raised
- Sample changes in natural gas prices for private customers in the domestic Egyptian market:



Source : *Energy Subsidy Country Update – Assessing Egypt's Energy Subsidy Reforms* , Global Subsidies Initiative and International Institute for Sustainable Development, August 2014

ENI's Zohr Discovery

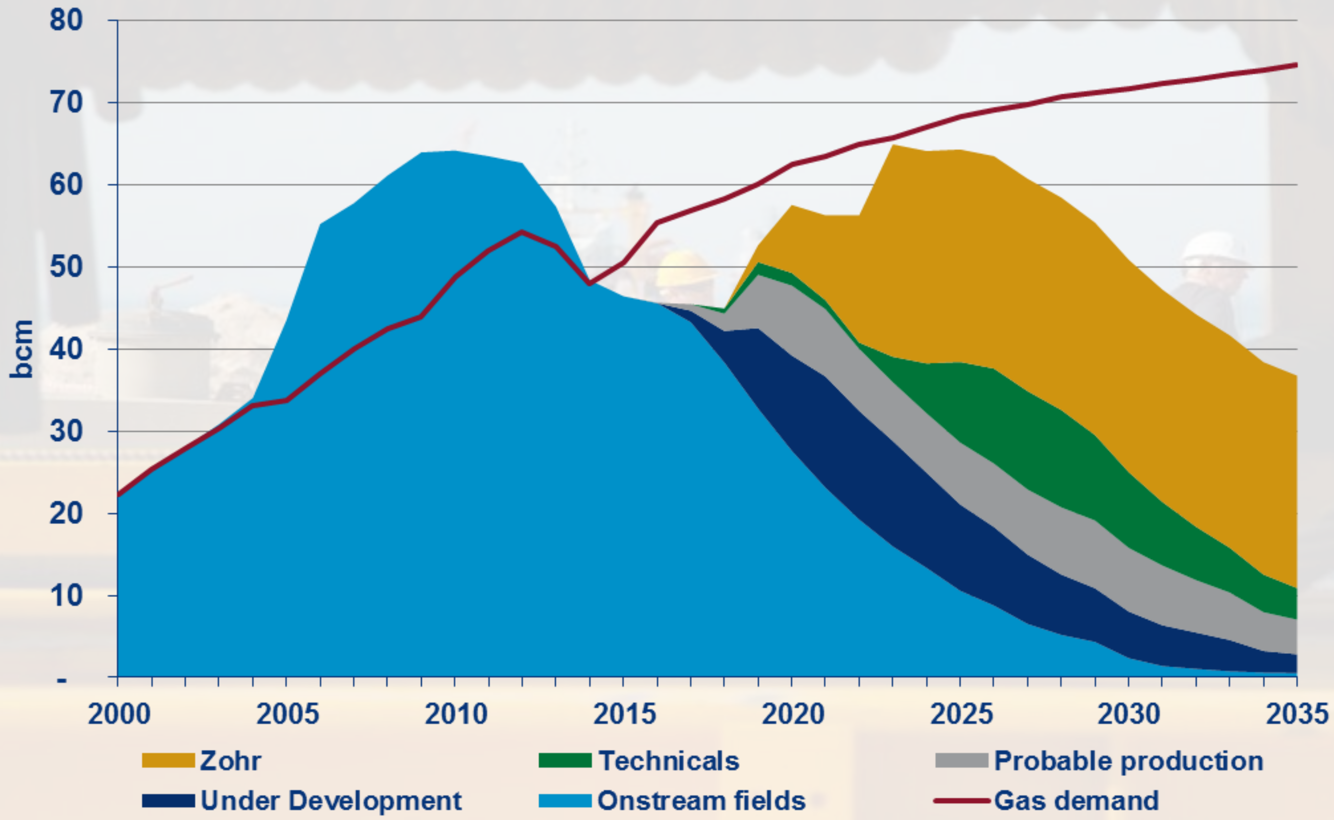
- In August 2015, ENI announced a discovery of approx. 30 TCF gas in place ca. 180 km north of the Egyptian shores, in a Miocene reef reservoir
  - For the sake of comparison – Leviathan has ca. 34 TCF gas in place
  - Zohr's Recovery Factor is yet unknown
- In geological terms, the discovery signifies the exposure of a new play in the basin
  - The large-scale discoveries offshore Israel are part of a different play, known as 'Tamar sands'



- **The impact of this discovery on the prospectivity in the areas of our licenses is now being examined**
- **The discovery is a reminder that the discoveries potential in the basin has not yet been exhausted**

Zohr Is Expected To Supply Some, But Not All, Of The Domestic Egyptian Demand

- Aggregate demand versus local production in Egypt, **including production from Zohr:**



Source: Wood Mackenzie. Yet to find not included. Gas demand excludes exports.

Egypt – LNG Facilities

- Facilities with an excellent operating record
- No construction or operating risks
- Existing customers

ELNG:

Consumption of above 11 BCM/Y of natural gas

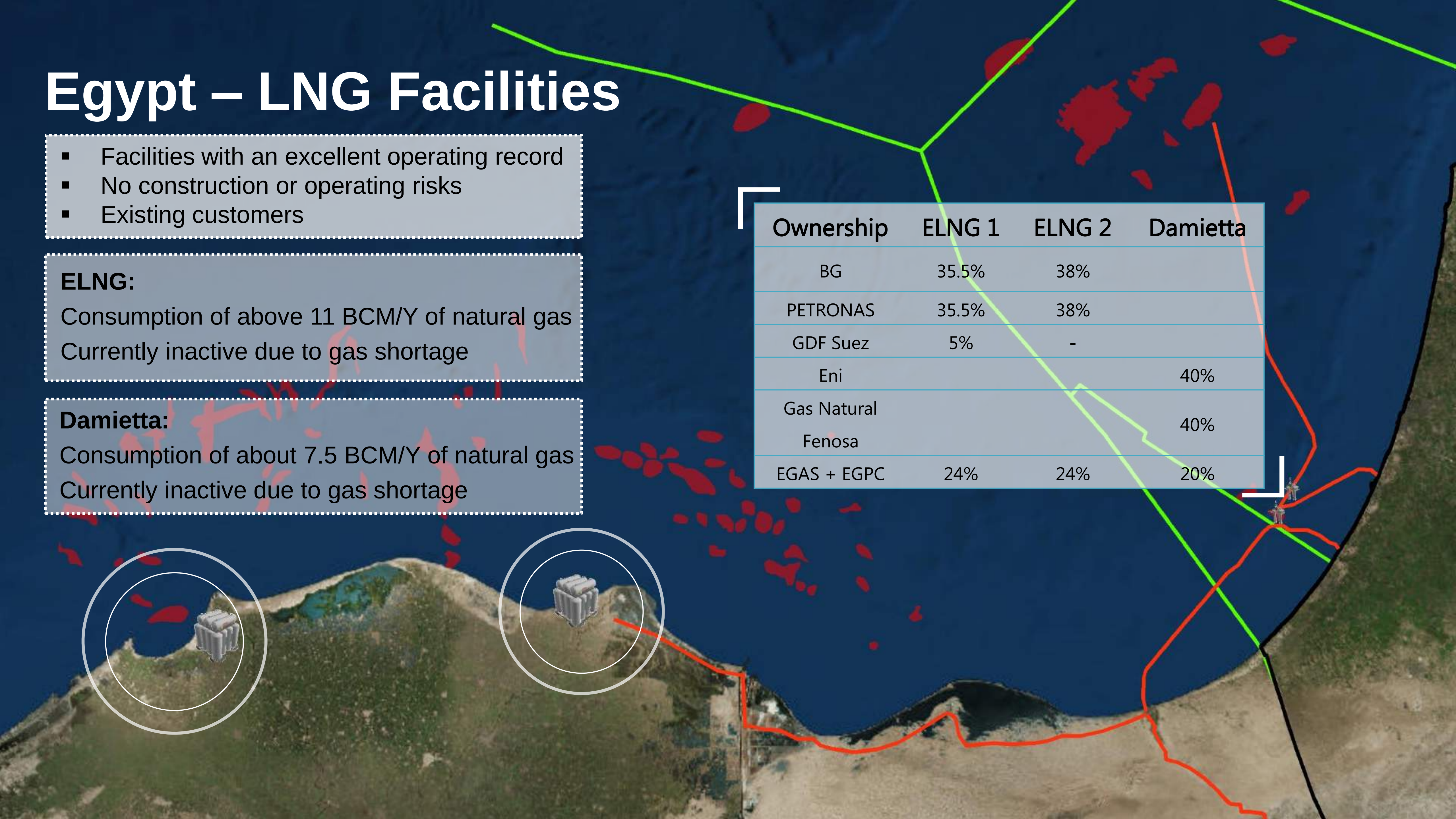
Currently inactive due to gas shortage

Damietta:

Consumption of about 7.5 BCM/Y of natural gas

Currently inactive due to gas shortage

Ownership	ELNG 1	ELNG 2	Damietta
BG	35.5%	38%	
PETRONAS	35.5%	38%	
GDF Suez	5%	-	
Eni			40%
Gas Natural Fenosa			40%
EGAS + EGPC	24%	24%	20%



2016

The Scheduled Time For Gas Export From Tamar To Jordan And Egypt

Gas Export To Jordan

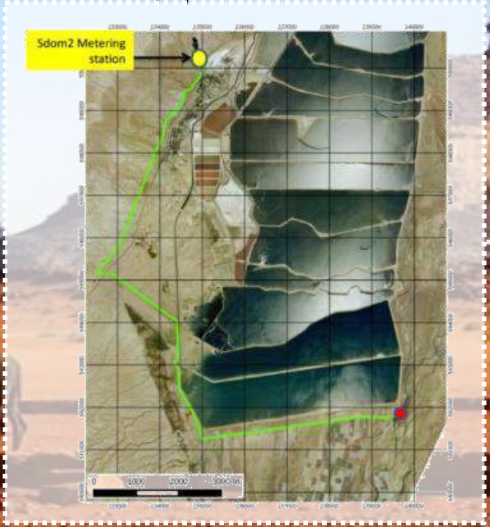
Is Scheduled To Commence In 2016

- In February 2014, an agreement was signed for the sale of natural gas from Tamar to two Jordanian plants – Arab Potash Company and Jordan Bromine Company
- Term of the agreement – 15 years
- Total Contract Quantity (TCQ) – 1.8 BCM; Annual Contract Quantity (ACQ) – 0.125 BCM
- Price – Linked to Brent with a fixed price floor
- The gas supply is interruptible during peak demand months in Israel or pending Tamar expansion or commencement of supply from Leviathan

Status:

- Export permit received in April 2015
- Buyers have expressed an interest in increasing the contractual quantity
- Commencement of supply forecast – H2/2016

Planned pipeline route:

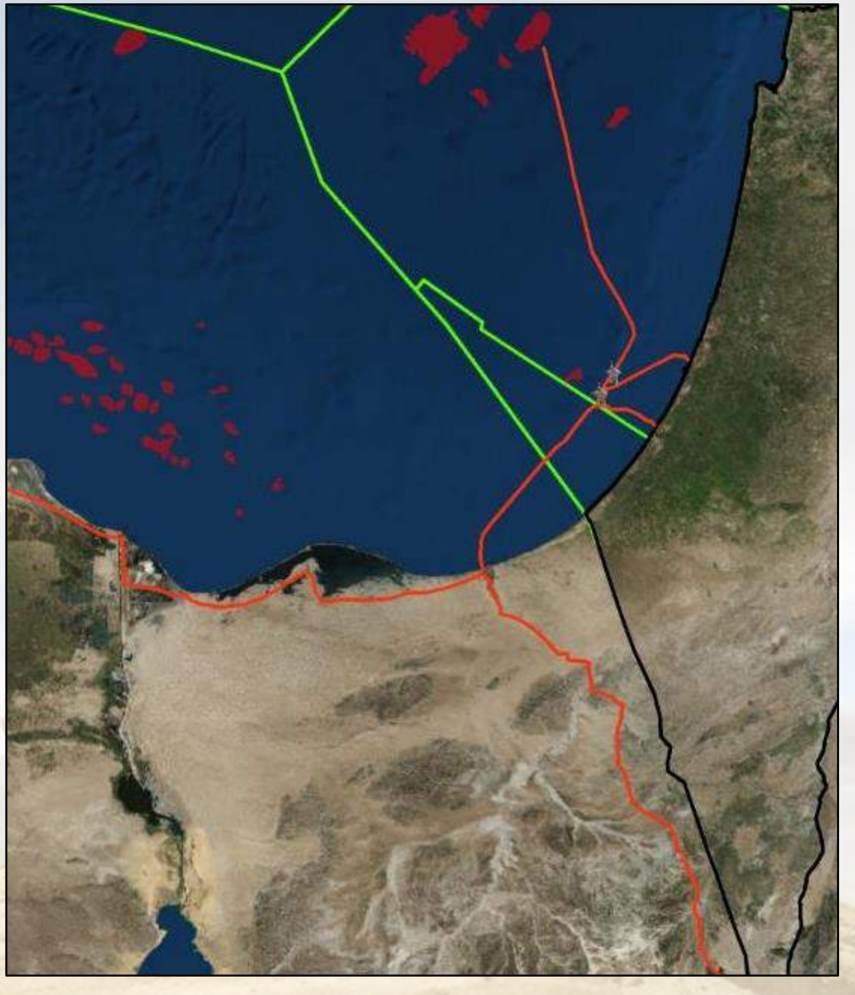


Supply Of Natural Gas To The Egyptian Domestic Market Based On The EMG Infrastructure

- In March 2015 an agreement was signed for the sale of natural gas from Tamar to Dolphinus Holding
- The natural gas supply is based on existing infrastructure – the EMG pipeline
- A 7-year agreement, including a commitment to minimal supply of 5 BCM during the first 3 years
- Daily quantity of up to 250,000 MMBTU
- The gas supply in this agreement is based on the surplus gas quantities that will be available to Tamar (an interruptible-type agreement)
- Price linked to Brent with a fixed price floor

Status

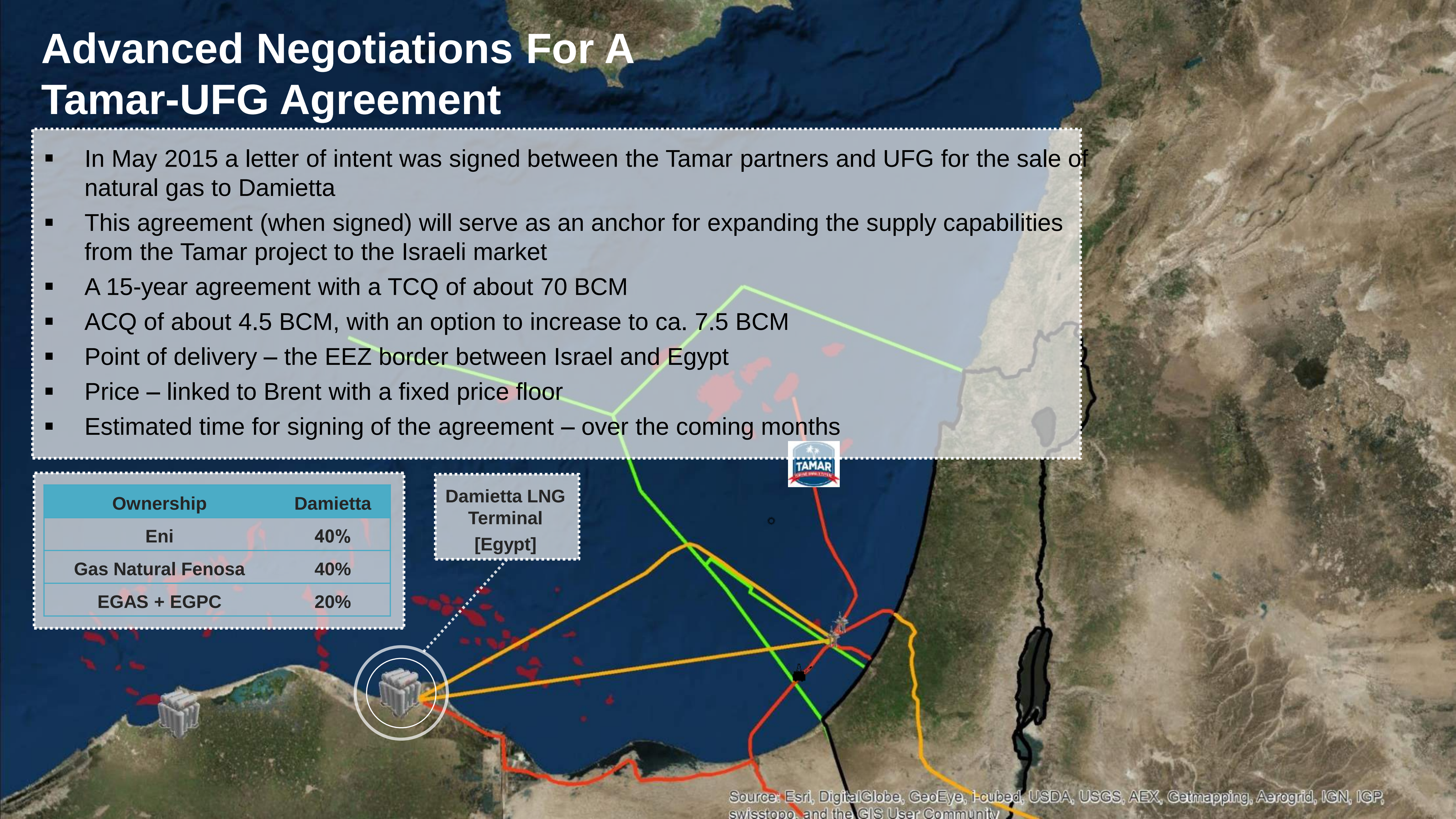
According to the buyers' estimates, the gas supply under this agreement is due to commence over the coming months



Advanced Negotiations For A Tamar-UFG Agreement

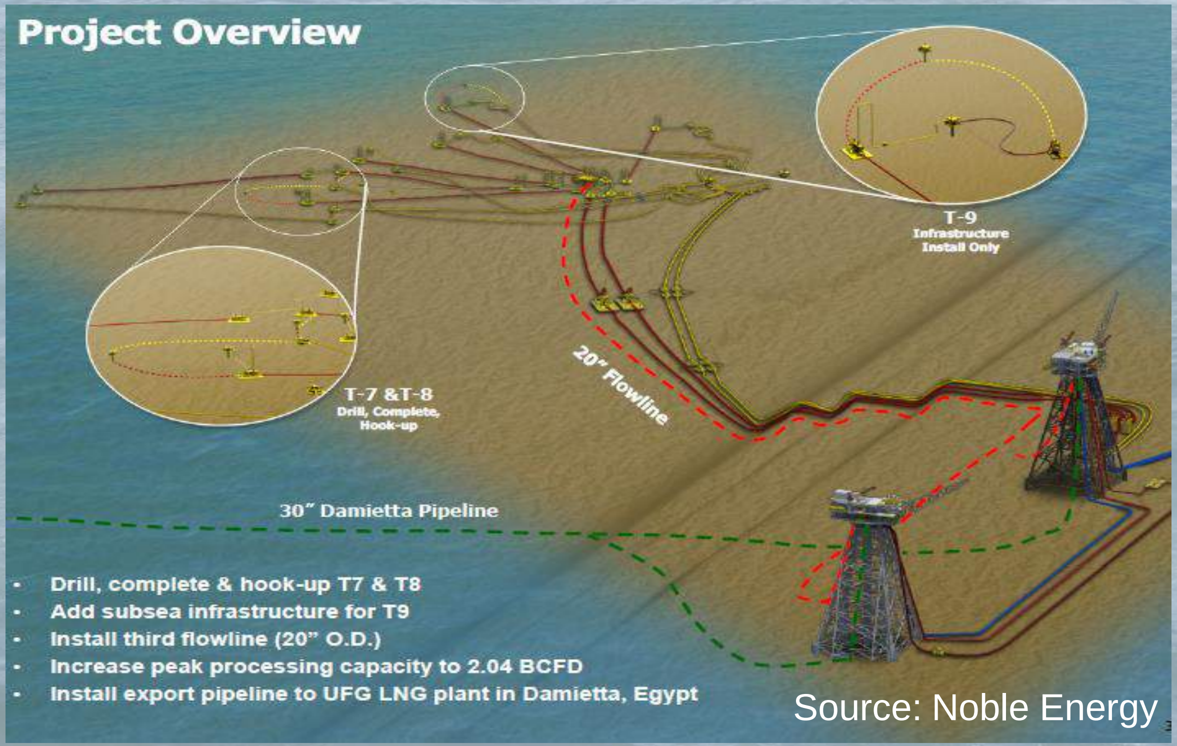
- In May 2015 a letter of intent was signed between the Tamar partners and UFG for the sale of natural gas to Damietta
- This agreement (when signed) will serve as an anchor for expanding the supply capabilities from the Tamar project to the Israeli market
- A 15-year agreement with a TCQ of about 70 BCM
- ACQ of about 4.5 BCM, with an option to increase to ca. 7.5 BCM
- Point of delivery – the EEZ border between Israel and Egypt
- Price – linked to Brent with a fixed price floor
- Estimated time for signing of the agreement – over the coming months

Ownership	Damietta
Eni	40%
Gas Natural Fenosa	40%
EGAS + EGPC	20%



The Next Stage – Expansion Of The Production Capacity Of The Tamar Project Further To The UFG Agreement

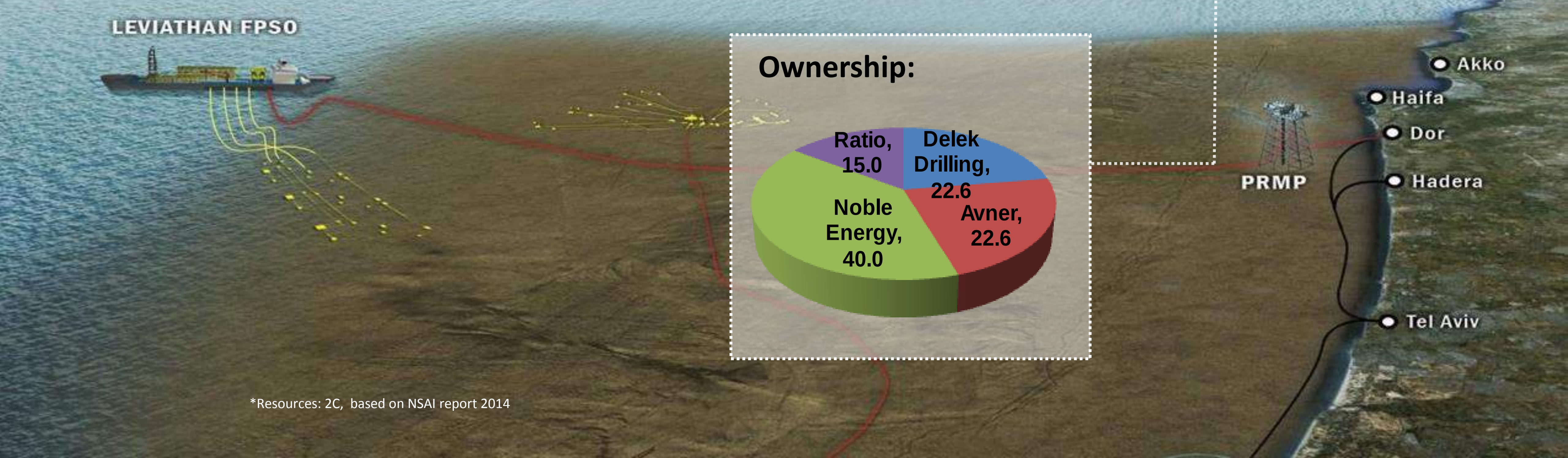
- The cost of the project expansion to the Tamar partners is estimated at about $1.5-2 billion (100%)
- Goal – an investment decision in mid-2016 and commencement of gas flow in 2018
- The Tamar partners are re-assessing the cost of the project in view of the global decline in equipment and services costs



Source: Noble Energy

Phase 1 Of Leviathan Development
Increase of Gas Supply Capacity Is Examined

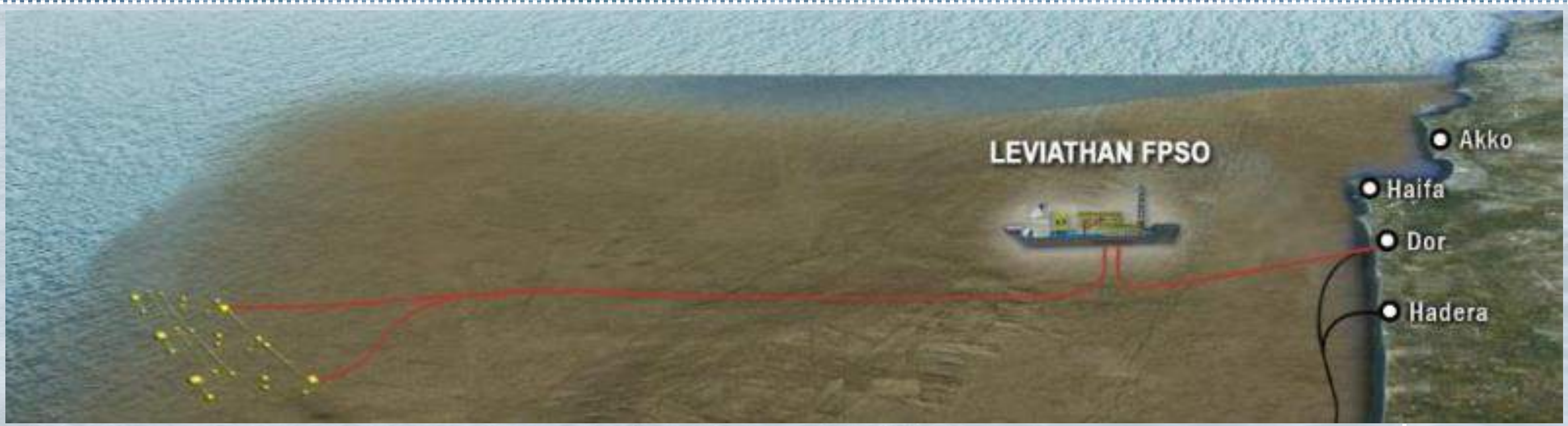
- Leviathan contains about 621 BCM of natural gas and about 39.4 million barrels of condensate
- Construction of a FPSO, to be located above the reservoir for gas processing
- Cost of Phase 1 estimated at $6-7 billion
- Natural gas supply capacity of ca.1.6 BCF/D (ca. 16 BCM/Y)
- The possibility of increasing the supply capacity to ca. 1.8 BCF/D (ca. 18 BCM/Y) is under examination



*Resources: 2C, based on NSAI report 2014

Phase 1 Of Leviathan Development – Examination Of Development Alternatives And Possibility Of Reducing The Construction Costs

Optimization is being carried out for the engineering plan, including examining a nearshore FPSO:

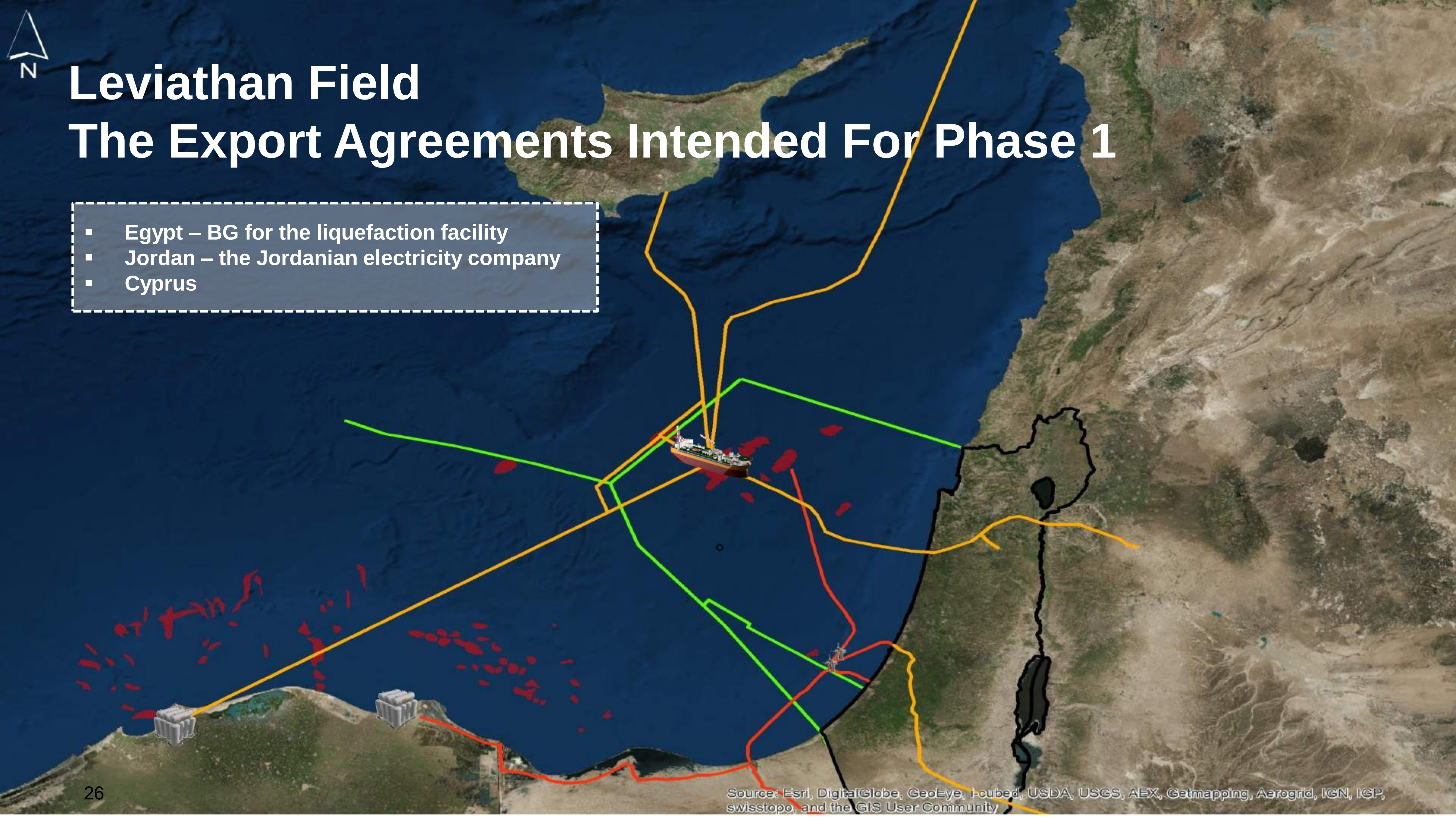


The Leviathan Partners are reassessing the cost of the project in view of the global decline in the costs of equipment and services

Source :WoodMacenzie, April 2015

Leviathan Field
The Export Agreements Intended For Phase 1

- Egypt – BG for the liquefaction facility
- Jordan – the Jordanian electricity company
- Cyprus



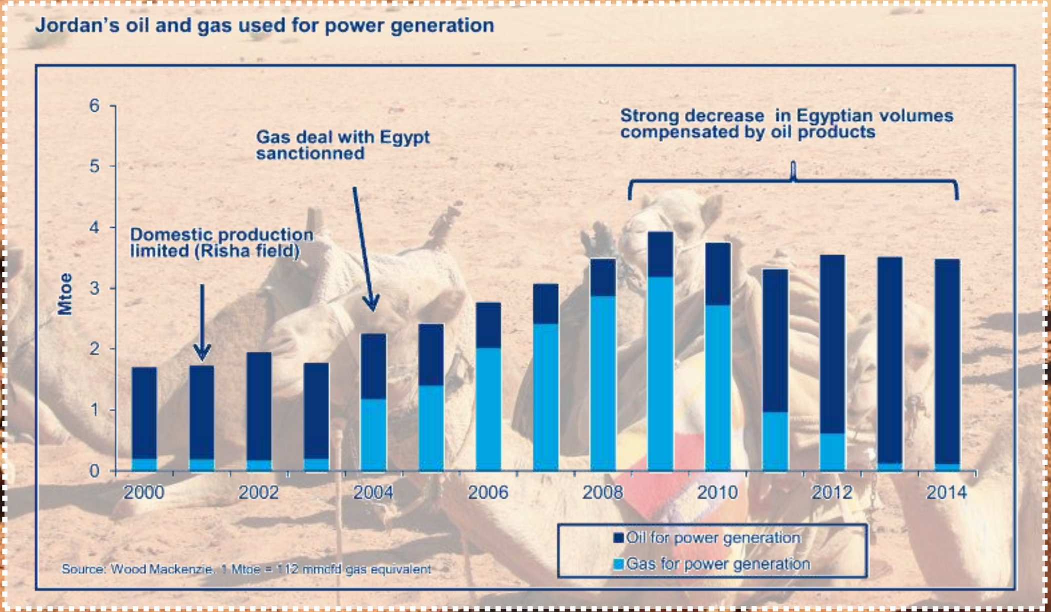
Egypt – Leviathan-BG Agreement

- Export of gas from Leviathan to ELNG
- The anchor agreement for the first stage of development of the Leviathan reservoir
- ELNG requires more than 11 BCM/Y
- An LOI was signed with BG for the purchase of natural gas for 15 years
- Gas flow in a designated underwater pipeline
- TCQ: 105 BCM; ACQ: 7 BCM/Y or more
- Status: The possibility of increasing the TCQ and the ACQ is being considered

Ownership	ELNG 1	ELNG 2
BG	35.5%	38%
PETRONAS	35.5%	38%
GDF Suez	5%	-
EGAS + EGPC	24%	24%

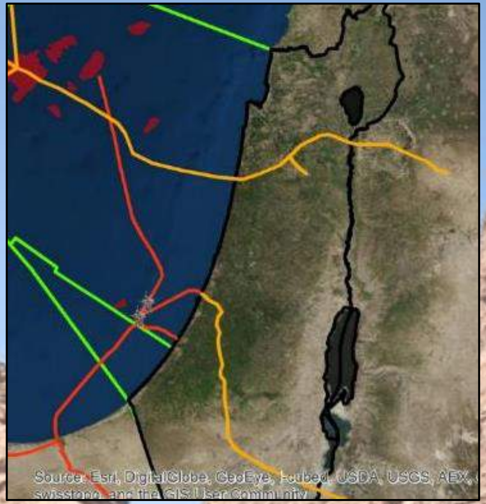
Jordan – The Natural Gas Market

- In 2009, the natural gas consumption in Jordan was 3 BCM/Y
- Negligible self production – ca. 0.2 BCM/Y
- Natural gas is used for the generation of ca. 80% of electricity in the Jordanian market (under ‘business as usual’ conditions)
- The natural gas from Egypt was the sole source of supply of natural gas to Jordan
- In 2010 disruptions began in the supply of natural gas from Egypt; in 2013 the supply of gas from Egypt ceased almost entirely



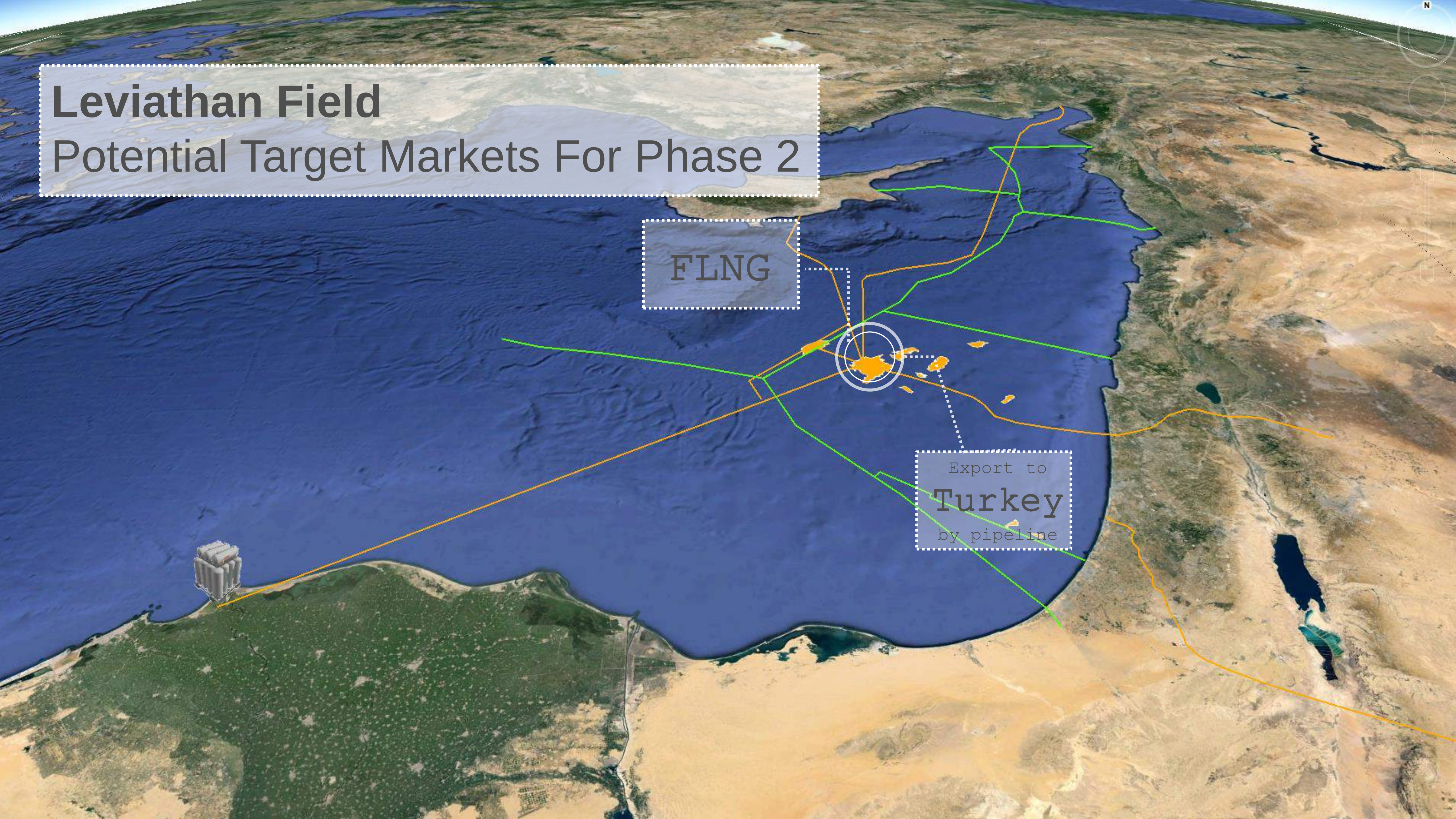
Jordan
Agreement With NEPCO

- LOI signed with NEPCO – the Jordanian electricity company
- **The agreement is an anchor agreement for the Jordanian energy sector**
- **Equivalent in importance to the IEC agreement in Israel**
- Double strategic and geopolitical importance – to both Israel and Jordan
- Term of the agreement – 15 years
- TCQ – 45 BCM
- ACQ – 3 BCM/Y or more
- Point of delivery – at the Israeli-Jordanian border
- Negotiations ongoing, with the support of the US Special Envoy and Coordinator for International Energy Affairs and the U.S. Ambassador in Jordan



Forecast for execution of binding agreement – over the coming months

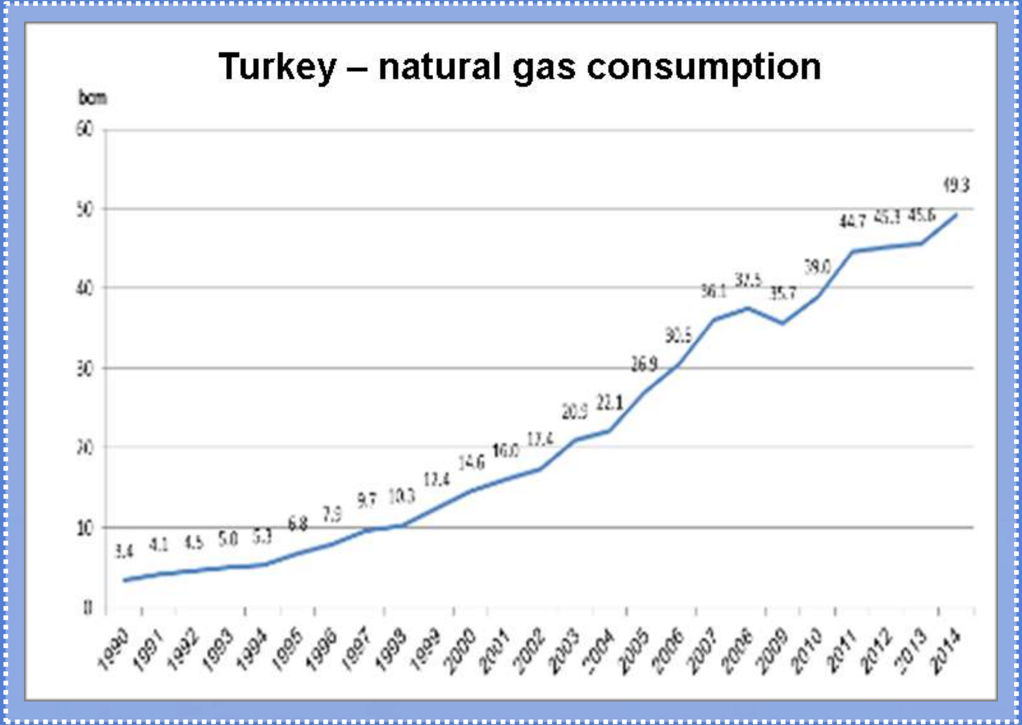
Leviathan Field
Potential Target Markets For Phase 2

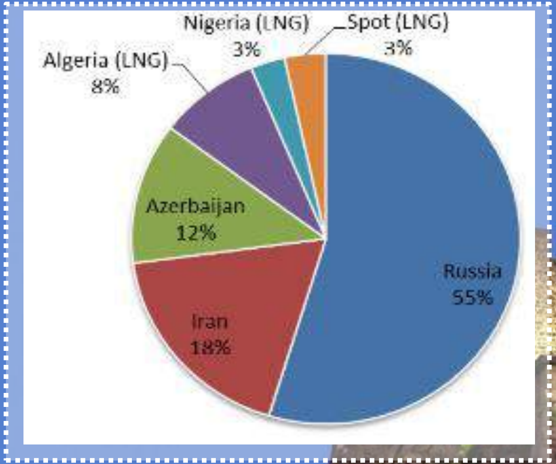


Turkey

Natural Gas Market

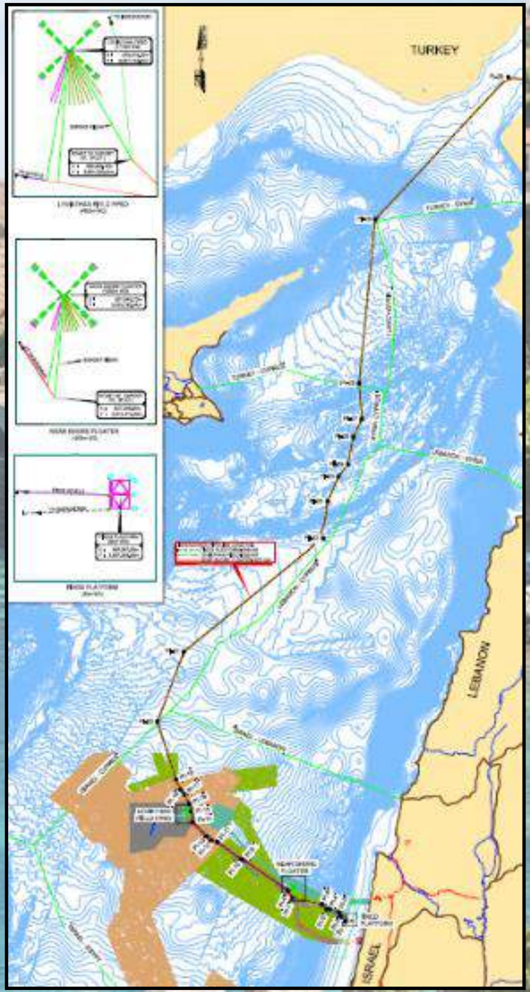
- Ranked 16th globally in natural gas consumption (2014)
- Natural gas consumption in 2014 – ca. 49.3 BCM
- Annual growth rate in the consumption of natural gas, 2000-2014 – ca. 9.9% (YoY)
- **Turkey is entirely dependent on the import of natural gas – ca. 99% of the gas is imported, and self production is negligible:**
    - Ca. 84.5% is imported via pipeline;
    - Ca. 14.5% is imported as LNG
- **Turkey suffers from a scarcity of sources of supply** – Russia and Iran are the source of ca. 73% of total gas imports





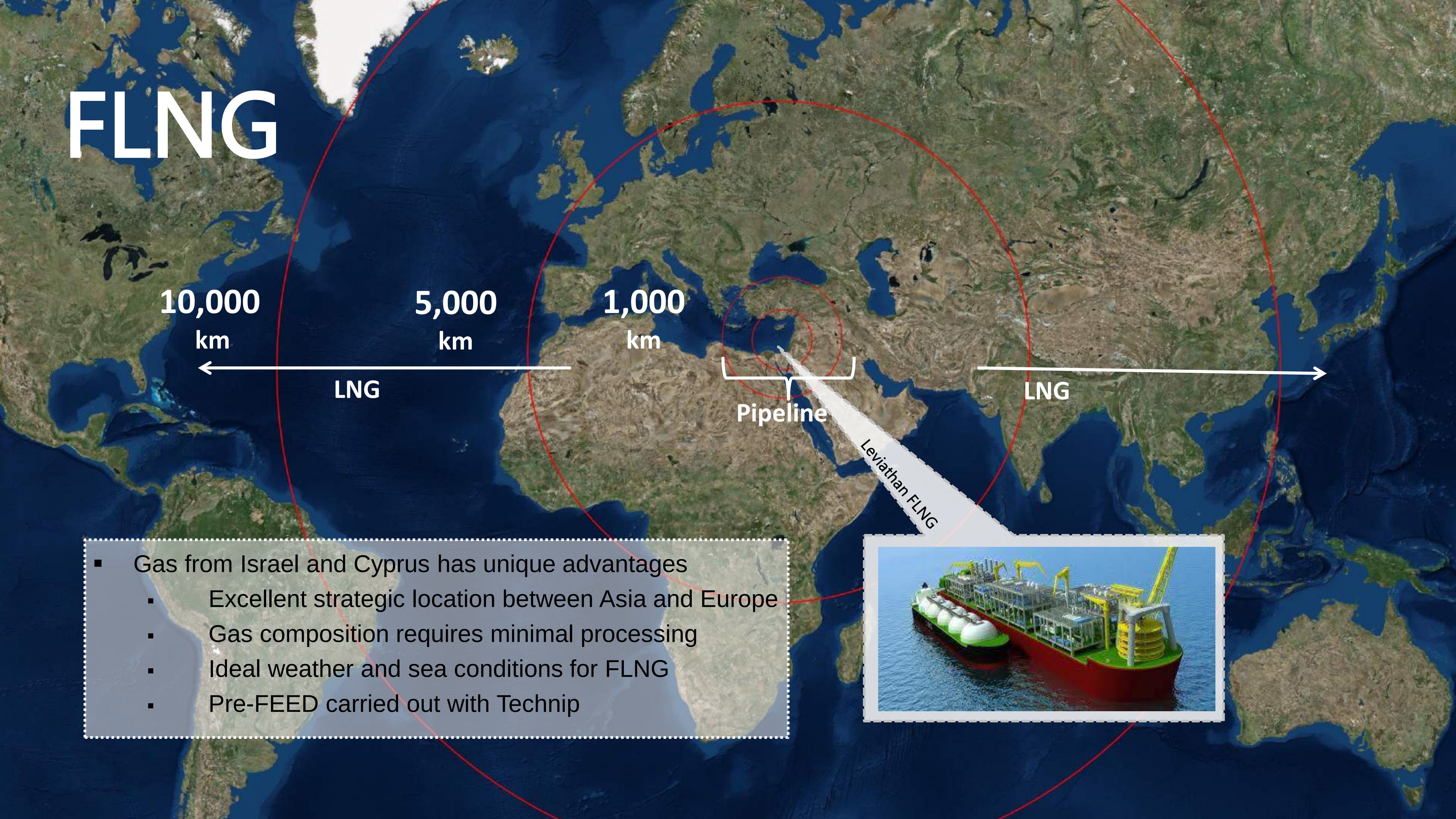
Export of Israeli natural gas to Turkey

- **Turkey aspires to diversify its sources of supply of natural gas**
- **It wishes to become a Natural Gas Hub and the energy corridor to Europe**
- Exhaustion of sources of supply limits the increase in demand
- Ongoing negotiations between Turkey and Russia (TurkStream pipeline, gas price)
- Turkish President Erdogan, 7.10.2015: “***Turkey, if necessary, can purchase gas not only from Russia but also from other sources”***



- **Gas pipe from Leviathan to Turkey:**
  - Ca. 500-550 km, through the Cypriot EEZ
  - Water depth up to 2,250 meters
  - Phase 1 – 8-10 BCM/Y to the Turkish market
  - Phase 2 – another 8-10 BCM/Y to the European market
- **Discussions have been held with leading Turkish energy companies**

FLNG



- Gas from Israel and Cyprus has unique advantages
  - Excellent strategic location between Asia and Europe
  - Gas composition requires minimal processing
  - Ideal weather and sea conditions for FLNG
  - Pre-FEED carried out with Technip

Leviathan

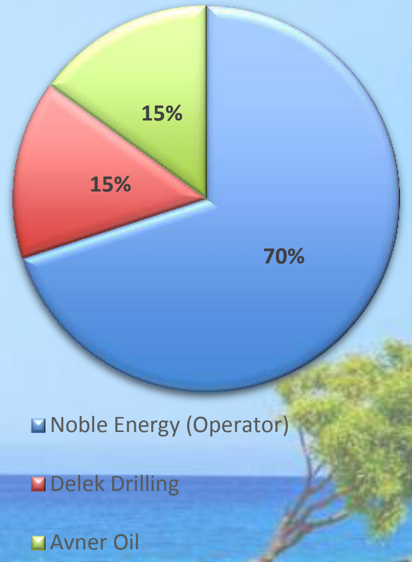
Deep Oil Potential Awaiting Realization

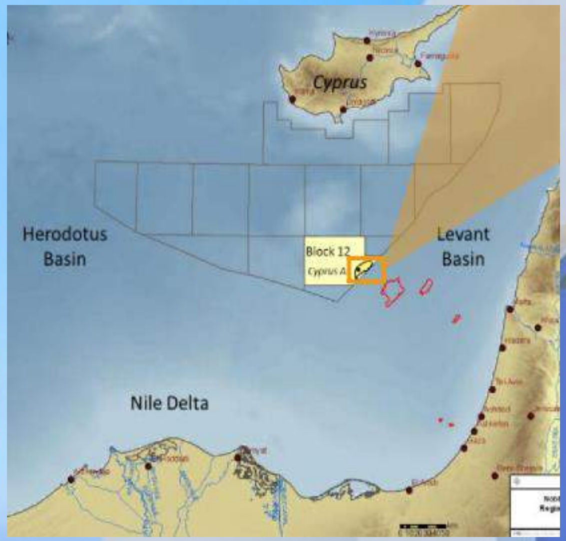
- The Partnerships and Noble Energy reported at the time on deep oil targets located, inter alia, beneath the Leviathan gas field, but also elsewhere
- The oil potential in Leviathan: 560 million oil barrels*, above 15% chances of success
- The geological work on these ‘high risk, high reward’ targets continues, but ultimately discovery mandates drilling…
- Higher cost for exploration drilling to deep targets relative to ‘ordinary’ drilling to the Tamar Sands target
- Current market conditions open a window of opportunity in terms of drilling and development costs

*Based on best estimate of Prospective Resources – NSAI

Cyprus
Block 12 – I.D.

- Significant gas discovery of ca. 4.45 TCF*
- First and only discovery in Cyprus
- Located ca. 168 km south of Limassol
- Water depth about 1,700 meters





*Based on best estimate of Contingent and Prospective Resources – NSAI Certified (Nov 2014)

Cyprus – Block 12

- **Development plan**
  - Includes a floating production facility with a supply capacity of 800 MMCFD
  - Outline of development plan submitted to the Government of Cyprus in June 2015, along with a request for a Declaration of Commerciality
  - Sale of gas from the production facility exit point; pipelines to be owned by third parties
- **Target markets**
  - Cyprus: Domestic market 60-100 MMCFD
  - Egypt: Domestic market + supplementation of supply to the liquefaction plants: ELNG, Damietta

- **Marketing**
  - RFP process commenced, including requests of companies in Egypt – domestic market and LNG players
  - Process vis-à-vis DEFA commenced for the sale of gas to the domestic market

	ELNG	Damietta
Feed Gas	11 BCM+	7.5 BCM
Leviathan-BG Deal	7 BCM	
Tamar-UFG Deal		4.5-7.5 BCM
Potential Supply Need	**3-4 BCM**	**Up to 3 BCM**

Financially

Ready For The Next Challenge

Strong balance sheet

- Long-term, limited recourse-type debt based on significant current income from the Tamar reservoir only
- No debt tied to the Leviathan reservoir or to Aphrodite
- High cash reserves – above $400,000,000 (for both Partnerships, according to June 2015 statements, before distributions)
- Well-established and stable cash flow
- Low interest environment

Financially

Ready For The Next Challenge (cont’)

Leviathan financing

- As of the date of the Commissioner’s notice (December 2014), the Partnerships were in final stages of negotiations for the framework agreements for the financing of their share in the Leviathan development project, in the amount of $2 billion
- An update to the documents will be required once the Gas Framework is finalized
- Foreign and local banks are demonstrating brisk demand to participate in the financing

Additional financing based on UFG cash flow

- Tamar bonds are secured by a cash flow from all Tamar agreements (both current and future)
- The model used for the bond issue is based on a conservative scenario of up to 9.5 BCM per year
- Upon the signing of the UFG agreement, the adoption of an investment decision and commencement of the Tamar expansion, it will be possible to perform an additional financing round (in the context of the Tamar bonds or as financing based on surplus cash after Tamar bond service), in a considerable scope, to finance the investments in the expansion of Tamar and development of Leviathan

Profit Distributions

- **According to the Partnerships Agreements, the Partnerships are committed to distributing all of their profits that are available for distribution each year**
- **The investors place great importance on profit distribution**
- **Further to the distributions made prior to the discovery and development of the Tamar project, the Partnerships distributed/declared the distribution of significant amounts, as follows:**

	Avner	**Delek**		**Total**
	USD millions	USD millions		USD millions
2014	100	100		200
2015	* 50	* 50		* 100
Total	**150**	**150**		**300**

* Actual distribution scheduled for October 22, 2015


Thank You