

**Delek Drilling – Limited Partnership**  
**(the “Partnership”)**

December 15, 2019

Israel Securities Authority  
22 Kanfei Nesharim St.  
Jerusalem

Tel Aviv Stock Exchange Ltd.  
2 Ahuzat Bayit St.  
Tel Aviv

Dear Sir/Madam,

Re: **Engagement in agreements for the supply of condensate from the Leviathan project**

The Partnership hereby respectfully announces that the partners in the Leviathan project, including the Partnership (the “**Leviathan Partners**”), have signed agreements which will allow the transport of the condensate that shall be produced from the Leviathan reservoir, the main principles of which are as specified below:

1. **Agreement with Oil Refineries Ltd. (“ORL”)**

On December 15, 2019, an agreement was signed (the “**ORL Agreement**”), whereby condensate that is produced from the Leviathan reservoir will be transported to the existing fuel pipeline of Europe Asia Pipeline Co. Ltd. (EAPC) which leads to a tank farm of Petroleum & Energy Infrastructures Ltd. (PEI) in Kiryat Haim, and from there will be transported to ORL’s facilities, *inter alia* in accordance with regulatory directives.

The ORL Agreement is on an interruptible basis for a period of 15 years from the date of commencement of the transport of the condensate in commercial quantities, while each party will be entitled to end the ORL Agreement by giving prior notice of at least 360 days to the other party. In addition, each party will be entitled to terminate the ORL Agreement on shorter notice upon the occurrence of various events, including in the case of a breach by the other party, and upon the occurrence of regulatory and other changes which will not allow the transport of the condensate in accordance with the provisions of the ORL Agreement.

The transport of the condensate to ORL according to the ORL Agreement will be carried out on an interruptible basis up to a maximum quantity that was agreed between the parties (the “**Maximum Quantity**”). The parties will be entitled to update the Maximum Quantity from time to time subject to compliance with conditions that were determined by the authorities in this regard, including the Ministry of Energy and the Ministry of Environmental Protection.

The ORL Agreement determines that delivery of the condensate to ORL will be without consideration, while the Leviathan Partners shall bear any and all expenses in relation to the transport of the condensate.

The ORL Agreement includes several conditions precedent, which are mainly receipt of the regulatory approvals for the transport of the condensate to ORL, including approvals with respect to the sale of the condensate without consideration.

In the Partnership's estimation, the loss of income for the Leviathan project, assuming a full month of supply, is in the amount of up to around U.S. \$3 million (in relation to 100% of the interests in the Leviathan project) per month, and therefore is not material for the Partnership.

**Forward-looking information:** The information specified above in connection with the ORL Agreement, including its taking effect and the amount of lost income, constitutes forward-looking information, within the meaning thereof in the Securities Law, 5728-1968, which there is no certainty will materialize, in whole or in part, and may materialize in a materially different manner, due to various factors, including due to non-fulfillment of the conditions precedent, in whole or in part.

2. Agreement with an international trade company in the fuel industry (the “Buyer”)

In addition to the signing of the ORL Agreement, the Leviathan Partners signed an agreement, according to which condensate that is produced from the Leviathan reservoir as aforesaid will be transported via road tankers and will be delivered to the Buyer at PEI's tank farm (the “**Supply Agreement**”).

The Supply Agreement will be in effect from commencement of the transport of natural gas from the Leviathan reservoir until December 31, 2020, while the agreement will be renewed each year for a period of one additional year, unless one of the parties shall have chosen not to renew the same by prior notice of at least 60 days. Each party will be entitled to terminate the Supply Agreement in the case of a breach thereof by the other party and upon the occurrence of regulatory and other changes which do not allow the transport of the condensate in accordance with the provisions of the Supply Agreement.

The transport of the condensate by the Leviathan Partners to the Buyer according to the Supply Agreement will be carried out on an interruptible basis up to a daily maximum quantity that was agreed between the parties.

According to the Supply Agreement, the Leviathan Partners shall bear any and all expenses in relation to the condensate until delivery thereof to the Buyer at the entrance to PEI's tank farm, and the Buyer will bear any and all expenses with respect to the condensate from this point forth.

The price of the condensate, which was determined in the Supply Agreement, will be linked to the Brent barrel price, while the Buyer will be entitled to a

discount in respect of the condensate that shall be transported thereto and which deviates from the specification set forth in the Supply Agreement.

In the Partnership's estimation, the amount of the income from the sale of condensate to the Buyer (in relation to 100% of the interests in the Leviathan project), assuming a full month of supply, based on the Partnership's estimate regarding the price and quantity of the condensate that shall be sold during a month of supply, may total up to approx. U.S. \$3 million per month. It is clarified that the actual income amount shall be derived from a gamut of factors, including the condensate quantities that shall actually be sold and the Brent barrel price.

**Forward-looking information:** The information specified above in connection with the Supply Agreement and the financial scope thereof, constitutes forward-looking information, within the meaning thereof in the Securities Law, 5728-1968, which there is no certainty will materialize, in whole or in part, and may materialize in a materially different manner, due to various factors, including due to changes in the amount of condensate supplied to the Buyer, the Brent barrel price, etc.

It is noted that concurrently with the transport of the condensate according to the agreements as described above, the Leviathan Partners are continuing to explore other alternatives for the transport and the sale of the condensate that shall be produced from the Leviathan reservoir.

**The partners in the Leviathan project and their holding rates are as follows:**

The Partnership	45.34%
Noble Energy Mediterranean Ltd.	39.66%
Ratio Oil Exploration (1992), Limited Partnership	15.00%

Sincerely,

**Delek Drilling Management (1993) Ltd.  
General Partner of Delek Drilling - Limited Partnership**

By Yossi Abu, CEO  
Yossi Gvura, Deputy CEO