<u>Tamar Petroleum Ltd.</u>
<u>(the "Company")</u>

February 19, 2018

To:
Israel Securities Authority
22 Kanfei Nesharim St.
<u>Jerusalem</u>

To:
Tel Aviv Stock Exchange Ltd.
2 Ahuzat Bayit St.
<u>Tel Aviv</u>

Dear Sir/Madam,

Re: **<u>Engagement of Delek Drilling – Limited Partnership and Noble Energy Mediterranean Ltd. in agreements for the export of natural gas to consumers in Egypt</u>**

In reference to the immediate report of February 19, 2018 released by Delek Drilling Limited Partnership ("**Delek**") regarding the engagement of Delek and Noble Energy Mediterranean Ltd. ("**Noble**", and together with Delek: the "**Sellers**") in an agreement for the export of natural gas from the Tamar project to Dolphinus Holdings Ltd. in Egypt (the "**Buyer**" and the "**Export Agreement**", respectively), the Company respectfully announces that Delek and Noble have approached the Company and the other partners in the Tamar project, with the aim of assigning the Export Agreement to the other Tamar partners or of engaging in an agreement with them for the purchase of the natural gas from the Tamar project, in accordance with the terms and conditions of the Export Agreement, for the sale thereof to the Buyer.

<u>Following is a summary of the particulars and terms of the Export Agreement, as reported by Delek</u>:

1. The supply of gas to the Buyer shall initially be on an interruptible basis. In addition, the Sellers have the option of notifying the Buyer that the gas supply (in whole or in part) shall be converted to a firm basis (the "**Option**"). The Option may be exercised by the Sellers, in whole or in part, during the period from July 2020 until the end of December 2021, or another term as agreed between the Sellers and the Buyer.
2. From the date of exercise of the Option as aforesaid, the Sellers shall be obligated to supply to the Buyer an annual quantity of up to approximately 3.5 BCM (in accordance with the quantities in respect of which the Option shall be

exercised), and the Buyer shall be obligated to Take or Pay for a minimal annual quantity of natural gas, in accordance with the mechanism set forth in the Export Agreement.

3. The total contractual gas quantity stated in the Export Agreement is approx. 32 BCM.
4. The price of the gas to be supplied to the Buyer under the Export Agreement shall be determined according to a formula based on the Brent oil barrel price. Delek estimates that the aggregate revenues for all of the Tamar partners from the sale of natural gas to the Buyer under the Export Agreement may amount to approx. U.S. $7.5 billion. Derek's said estimate is based on the assumption that the Buyer will use the total contractual quantity fixed in the Export Agreement, and on Derek's estimation of the price of natural gas during the term of the Agreement. The actual revenues will be derived from several factors, including the quantities of gas to be purchased in practice by the Buyer, and the Brent prices at the time of the sale.
5. The Sellers and the Buyer are considering various possibilities for piping the gas to Egypt, including using the Pan-Arabian pipeline through Jordan and/or the Sellers' entry into negotiations with EMG and its shareholders, for the piping of the gas through EMG's existing gas transmission pipeline to Egypt. In addition, a possibility is being considered for another onshore connection between the Israeli transmission system and Egypt.
6. The supply under the Export Agreement is expected to commence upon arrangement of the use of the infrastructures required for the transmission of natural gas to Egypt, and last until the earlier of the supply or the total contractual quantity set forth in the Export Agreement or December 2030.
7. The Export Agreement includes several conditions precedent, primarily the receipt of regulatory approvals in Israel and in Egypt (including the receipt of export and import approvals), the making of agreements that will allow use of the transmission infrastructure, including signing of a transmission agreement between the Sellers and Israel Natural Gas Lines Ltd. (if required), the receipt of a guarantee in favor of the Sellers as required in the Export Agreement, and the receipt of approvals from the Israeli tax authorities. There is no certainty that the sale of the gas to the Buyer under the Export Agreement will materialize, due to non-fulfillment of the conditions precedent in the Export

Agreement, in whole or in part, the terms of the agreement for the purchase of the natural gas from the Tamar project (if signed), etc.

The Export Agreement, whose scope is significantly greater than the agreement between the Tamar partners (including the Company) and the Buyer of March 17, 2015, as specified in Section 6.7.4(e)(2) of the Company's prospectus for supplementation and shelf prospectus of July 4, 2017 (Ref. no. 2017-01-056551), was signed with the intention to supersede the said agreement.

It is clarified that the transaction described above is subject to the signing of a binding agreement between the Tamar partners (including the Company) and fulfillment of all the conditions precedent under the Export Agreement, and there is no certainty that such agreement will be signed and that the conditions precedent will be fulfilled.

<u>The partners in the Tamar Project and their holding rates are as follows:</u>

Noble Energy Mediterranean Ltd.	32.50%
Isramco Negev 2, Limited Partnership	28.75%
Delek Drilling – Limited Partnership	22.00%
Tamar Petroleum Ltd.	9.25%
Dor Gas Exploration Limited Partnership	4.00%
Everest Infrastructures Limited Partnership	3.50%

Sincerely,

Tamar Petroleum Ltd.

By Liami Vaisman, CEO

And Yuval Raikin, CFO