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

August 30, 2020

Israel Securities Authority
22 Kanfei Nesharim Street
<u>Jerusalem 9546434</u>

Tel Aviv Stock Exchange Ltd.
2 Ahuzat Bayit Street
<u>Tel Aviv 6525216</u>

Via Magna

Dear Sir/Madam,

Re: **<u>Execution of agreements for the supply of natural gas</u>**

The Company respectfully notifies that on August 27, 2020, the Company and the other partners in Tamar Lease, other than Delek Drilling – Limited Partnership ("**Delek Drilling**") (the "**Sellers**") signed an agreement for the supply of natural gas from Tamar reservoir to Oil Refineries Ltd. ("**ORL**") for the purpose of operating the facilities of ORL and companies affiliated thereto (the "**Supply Agreement**")[1]. As of the date hereof, ORL has not yet signed the Supply Agreement[2].

The Company, Isramco Negev 2 – Limited Partnership, Dor Gas Exploration, Limited Partnership and Everest Infrastructures, Limited Partnership, notified Noble Energy Mediterranean Ltd. ("**Noble**") that if Delek Drilling will choose not to join the Agreement according to its terms and conditions, they are willing to supply ORL the additional quantities which Delek Drilling is supposed to sell under the Supply Agreement, from their share in the reserves of the Tamar reservoir. In such a case, the ratio of the Seller's gas supply (excluding Noble) out of the quantities sold under the Supply Agreement, will be higher than their holding rates in the reservoir.

The Supply Agreement will enter into effect upon the execution thereof, subject to the fulfilment of the following closing conditions, and will remain in effect until July 1, 2022 (the "**Term of the Agreement**"); ORL has the option to extend the Term of the Agreement by two terms of 3 months each. The supply of gas to ORL shall be on a firm basis from October 1, 2020 until no later than May 1, 2022, and on an interruptible basis during the remaining Term of the Agreement.

ORL made a "take or pay" undertaking in respect of a non-fixed annual minimum quantity of gas in scopes and according to a mechanism as determined in the Supply Agreement, depending, *inter alia*, on the quantity of gas consumption by its facilities and the consumption of gas from the Karish-Tanin reservoirs.

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[1] It is noted that as of the date hereof, the Tamar partners supply natural gas to ORL according to an agreement which is in effect until the end of 2020, with an option for ORL to extend it, for additional periods of 6 months each, until the beginning of the flowing of natural gas to ORL by Energean, but in any event not longer than an aggregate period of 8 years (the "**Existing Supply Agreement**"). The Existing Supply Agreement is on a firm basis, from October 1, 2020 until December 28, 2020.

[2] On August 27, 2020, ORL released an immediate report regarding the convening of a general meeting for the approval of the Supply Agreement.

The price of the natural gas determined by the Supply Agreement is fixed (with no linkage mechanisms) and will apply to all quantities of natural gas that were and will be supplied to ORL according to the Supply Agreement, from July 1, 2020, over and above the minimum quantities to which ORL is committed under the Existing Supply Agreement. It is noted that no arrangements were agreed between Noble and the other Sellers regarding Noble's share in the consideration due to the gas that will be sold under the Supply Agreement for immaterial sums. To the Company's best knowledge, Delek subjects its execution of the Supply Agreement to the receipt of arrangements identical to the arrangements with Noble. It is further noted that arrangements were made between the Sellers (excluding Noble) and ORL regarding the consideration to be paid by ORL according to the Supply Agreement, which may be influenced by LNG prices, in immaterial scopes.

In the Company's estimation, the aggregate income from the sale of natural gas to ORL (for 100% of the transaction) according to the Supply Agreement, insofar as it is signed and takes effect, is expected to total c. U.S. $150 million, assuming that ORL will consume natural gas according to the Supply Agreement until the end of 2021. It is clarified that the actual revenues depend on a variety of factors, including the quantities of gas actually purchased by ORL and the beginning of commercial production from Karish and Tanin reservoirs.

The entry into effect of the Supply Agreement, if signed, is conditioned on the receipt of approval by ORL's general meeting of the Supply Agreement, and the approval by the Competition Authority, if required. If the said closing conditions are not fulfilled within 90 days from the date of signing thereof, the Supply Agreement shall be cancelled.

It is noted that in parallel to the execution of the Supply Agreement by the Sellers, the Sellers signed an agreement for the supply of natural gas to I.C.L. Group Ltd. ("**ICL**"), a company controlled by the control holder of ORL, which is not dependent and/or conditioned on the Supply Agreement, and the terms of which are principally similar to the Supply Agreement, other than the quantities of gas which may be sold thereunder. As of the date hereof, ICL has not yet signed the Supply Agreement. The entry into effect of the supply agreement with ICL is conditioned on the approval by ICL's general meeting and the approval by the Competition Authority, if required.

In the Company's estimation, the aggregate income from the sale of natural gas to ICL (for 100% of the transaction), if signed and entered into effect, is expected to total c. 60% of the scope of revenues expected under the ORL agreement as aforesaid.

Caution concerning forward-looking information:

The above estimations regarding the financial scopes of the supply agreements and the dates of beginning of supply thereunder, constitute forward-looking information as defined in the Securities Law 5728-1968, which there is no certainty of the materialization thereof, in whole or in part, and which may materialize in a materially different manner, due to various factors including the non-fulfilment of the closing conditions, in whole or in part, changes to the scope, pace and timing of the consumption of natural gas by ORL and ICL, the date of beginning of commercial production from Karish and Tanin reservoirs, or other factors which cannot be anticipated at this time and over which the Company has no control.

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

Isramco Negev 2, Limited Partnership	28.75%
Noble	25.00%
Delek Drilling	22.00%
The Company	16.75%
Dor Gas Exploration, Limited Partnership	4.00%
Everest Infrastructures, Limited Partnership	3.50%

Sincerely,

Tamar Petroleum Ltd.

By Liami Weissman, CEO and
Yuval Raikin, CFO