Delek Drilling and Avner Oil Exploration

September 2016

Disclaimer

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.

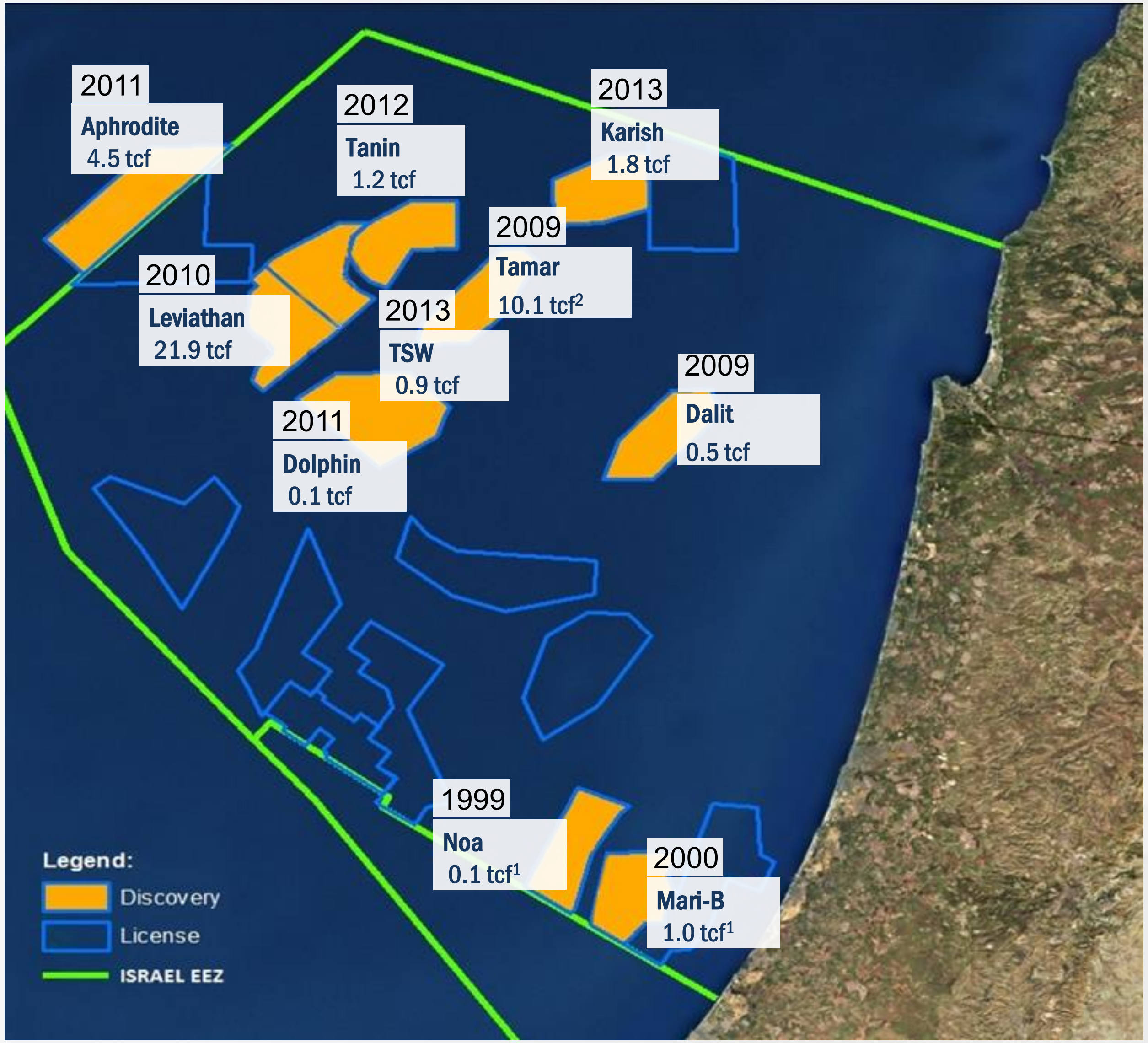
No explicit or implicit representation or undertaking is given by any person regarding the accuracy or integrity of any information included in this presentation. In particular, no representation or undertaking is given regarding the realization or reasonableness of any forecasts regarding the future 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.

Israeli and Cypriot EEZ – Over 42 TCF Discovered



Field	Delek and Avner Working Interest
Leviathan	45.34%
Tamar (including TSW)	31.25%
Dalit	31.25%
Aphrodite (Cyprus)	30.00%
Mari B + Noa[3]	52.94%
Karish *(under divestment process)*	52.94%
Tanin *(under divestment process)*	52.94%
Dolphin[4]	45.34%

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

¹ Estimated ultimate recoverable; YT Produced (as of EOY 2014): 891 BCF; Remaining: 153 bcf, on YE 2015 financial report classified as negligible petroleum asset

² Estimated ultimate recoverable; Tamar produced (as of EOY 2015): 753 BCF; Remaining: 9.5 tcf

³ Working interest of Delek Drilling LP, Avner Oil Exploration LP and Delek Group

⁴ License expired, partners are in legal procedures with Minister of National Infrastructures, Energy and Water Resources to be declared as discovery and obtain possession

Excellent Track Record

2004-2008 Sole domestic gas supplier in Israel

1999-2008 Established the Israeli natural gas market

2009+ Continuing to transform Israel into an energy self-sufficient country and a natural gas exporter

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016

- **1999:** Discovery of **Noa field** (0.1 tcf)
- **2000:** Discovery of **Mari-B field** (1 tcf), which together with Noa marked the beginning of Israel's natural gas market
- **2004:** Introduced natural gas into the Israeli market as **Yam Tethys Project produces first gas**
- **2009:** Discovery of **Tamar field** (10.1 tcf), the world's largest deepwater natural gas field of 2009, and of **Dalit field** (0.5 tcf) – a turning point for Israel's energy sector
- **2010:** Discovery of **Leviathan field** (21.9 tcf), the largest natural gas field in Israel's history and world's largest offshore gas discovery of the past decade
- **2011:** Discovery of **Aphrodite field offshore Cyprus** (4.5 tcf) and of Dolphin field (0.1 tcf) in the Israeli EEZ
- **2012:** Discovery of **Tanin field** (1.2 tcf) and of **Tamar SW** (0.9 tcf)
- **2013:** **Tamar produces first gas**; Discovery of **Karish field** (1.8 tcf)

Government 'Gas Framework' – Regulatory Certainty

Delek Drilling | Avner Oil Exploration

Resolutions relate to three main topics:

Structural Changes

- **Tanin and Karish**: Delek and Noble will sell their entire interest
- **Tamar**: Noble will reduce its interest to 25% (from 36%); Delek will sell its entire interest (31.25%) within six years
- **Leviathan**: No requirement for reduction or change in ownership

Pricing & Contracts

- No change to existing contracts
- Defined pricing alternatives for gas offtakers in the interim period:
  - Israeli hub price (average domestic price)
  - Brent linked price formula
  - PUA based price (price linked to cost of electricity production as published by the PUA)
  - Price in natural gas export agreements

Development

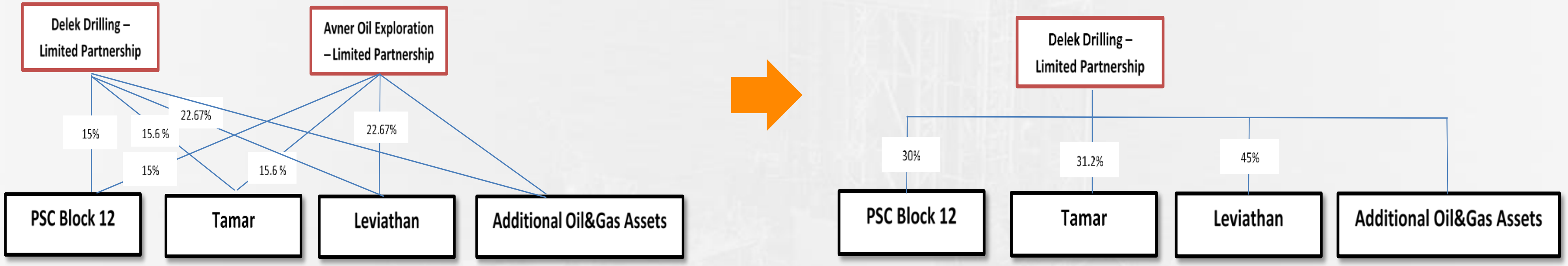
- Timetable and milestones for investments in Leviathan
- Local content – Leviathan
- Incentives for the development of small/medium fields

The Gas Framework will maintain a stable regulatory environment and will encourage investments

Near Term Structural Change

LP's are working to simplify structural holdings as part of the implementation of the 'gas framework'

✓ **Merger of Avner oil with and into Delek Drilling -**



✓ **Divestment of 100% of Karish & Tanin fields –** Agreement singed with Energean on the August 2016, closing expected in the upcoming months

✓ **Divestment of Delek & Avner WI (31.25%) in Tamar reservoir within 6 years –** Examining various alternatives for the monetization of Tamar, including sale through capital markets

Near Term Operational Focus

Moving forward on three parallel tracks

	Commercial Agreements	Engineering-Planning	Financing
Leviathan	▪ Israeli domestic market ▪ Jordanian National Electric Power Company (NEPCO) ▪ Shell–ELNG liquefaction terminal in Egypt ▪ Egyptian domestic market	▪ Development plan submitted and approved by Ministry of Energy & Water ▪ Optimization of procurement and bidding process	Negotiating financing agreements with a consortium of international banks
Tamar	▪ Israeli domestic market ▪ Jordanian Dead Sea factories ▪ UFG – Damietta liquefaction terminal in Egypt ▪ Egyptian domestic market	Optimization of Tamar expansion based on UFG agreement	Examining additional financing based on future revenues from UFG deal

Target : **Investment decision on Leviathan's development in 2016**

* Commercial agreements with Shell and Egyptian domestic market for Leviathan are still in the negotiation stage and LOI agreements

Project Update – Tamar

Tamar – World Class Deepwater Project

Ownership
Delek Drilling 15.6% Avner 15.6%, Isramco 28.7%, Dor Gas 4%, Noble Energy (operator) 36%

2P Reserves*
10.3 tcf (310 bcm); / 13.3 mmbbl condensate

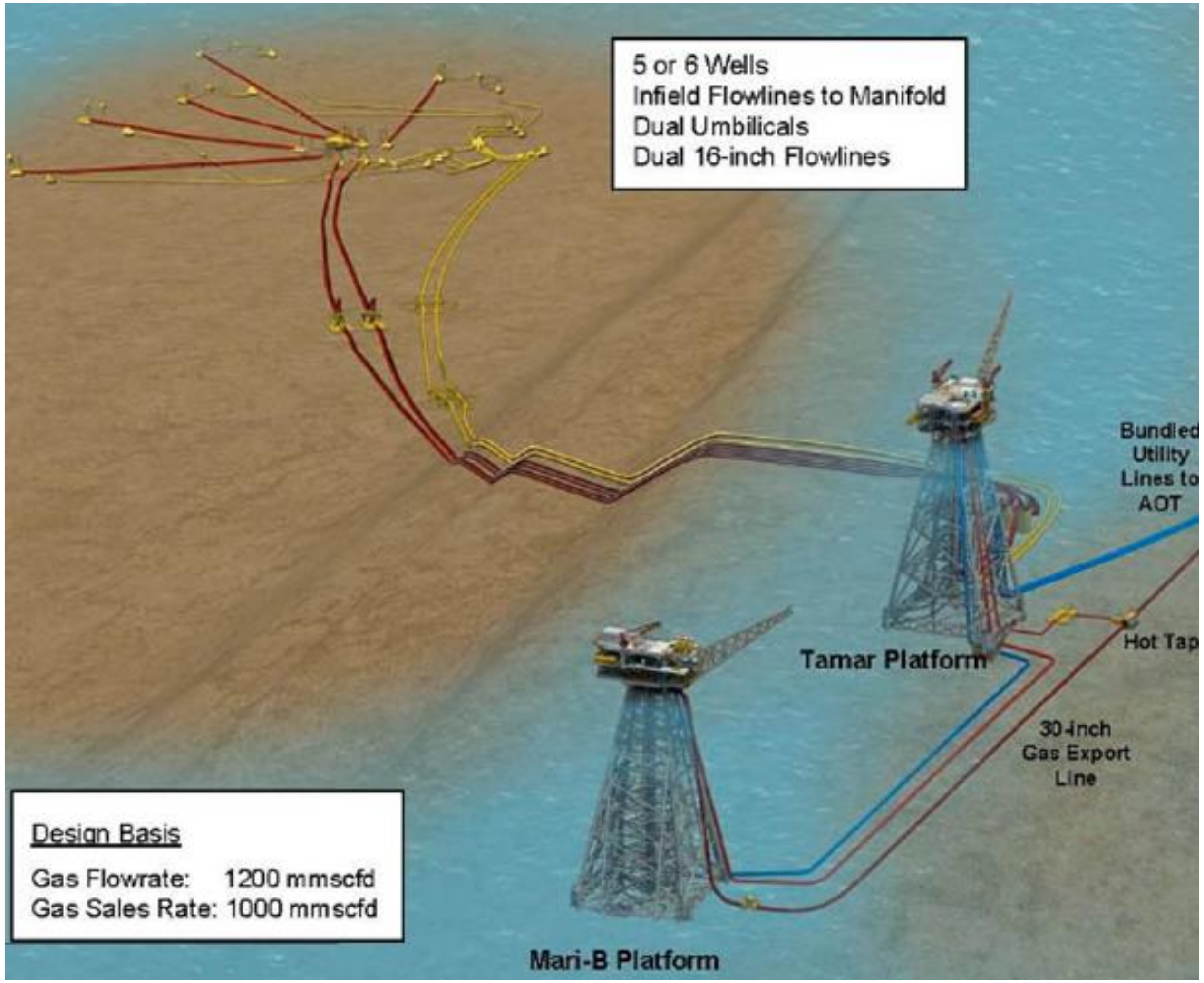
First gas
End of Q1 2013

Development budget:
$3.1 Billion (100%)

Overall Tamar costs to date:
$4 Billion (100%)

Production capacity
1.2 bcf/d (~12 bcm/y)

Rapid development on a global scale:
less than 4.5 years from discovery to first gas



*Reserves estimate as published in 2015 Annual Report

Tamar – Contracts and Sales Breakdown

Tamar contractual structure – low exposure to commodity risk

Israel Electric Corp.

- TCQ : 87 bcm (~3.07 tcf)
- 15-17 years

Price linked to US CPI

Represent Approx. 50% of sales in 1H 2016

IPP & Electricity Related

- TCQ : 72 bcm (~2.54 tcf)
- 15-19 years

Price of majority of contracts linked to electricity index

Represent Approx. 35% of sales in 1H 2016

Industry & Other

- TCQ : 8.5 bcm (0.3 tcf) + condensate
- 5-8 years

Price of majority of contracts linked to Brent price

Represent Approx. 15% of sales in 1H 2016

Tamar In Numbers

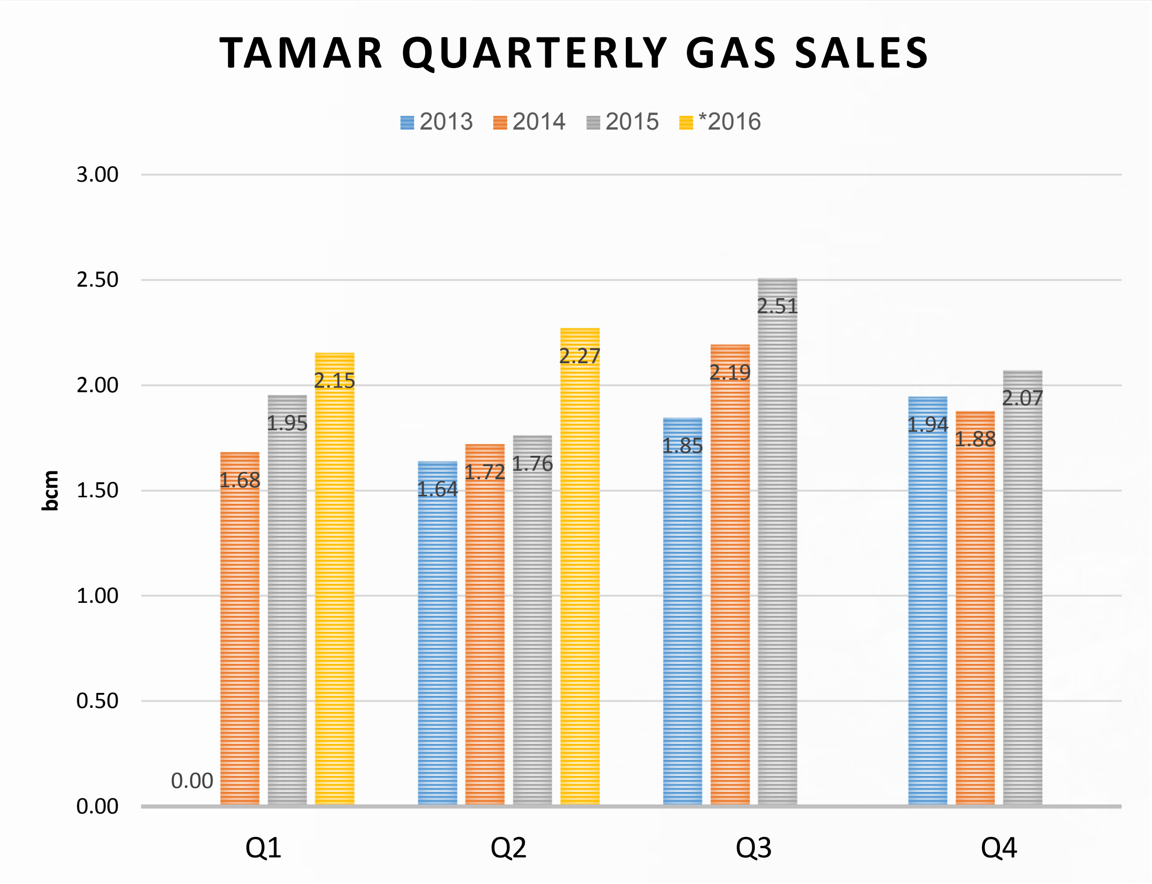
A robust steady cash generative project

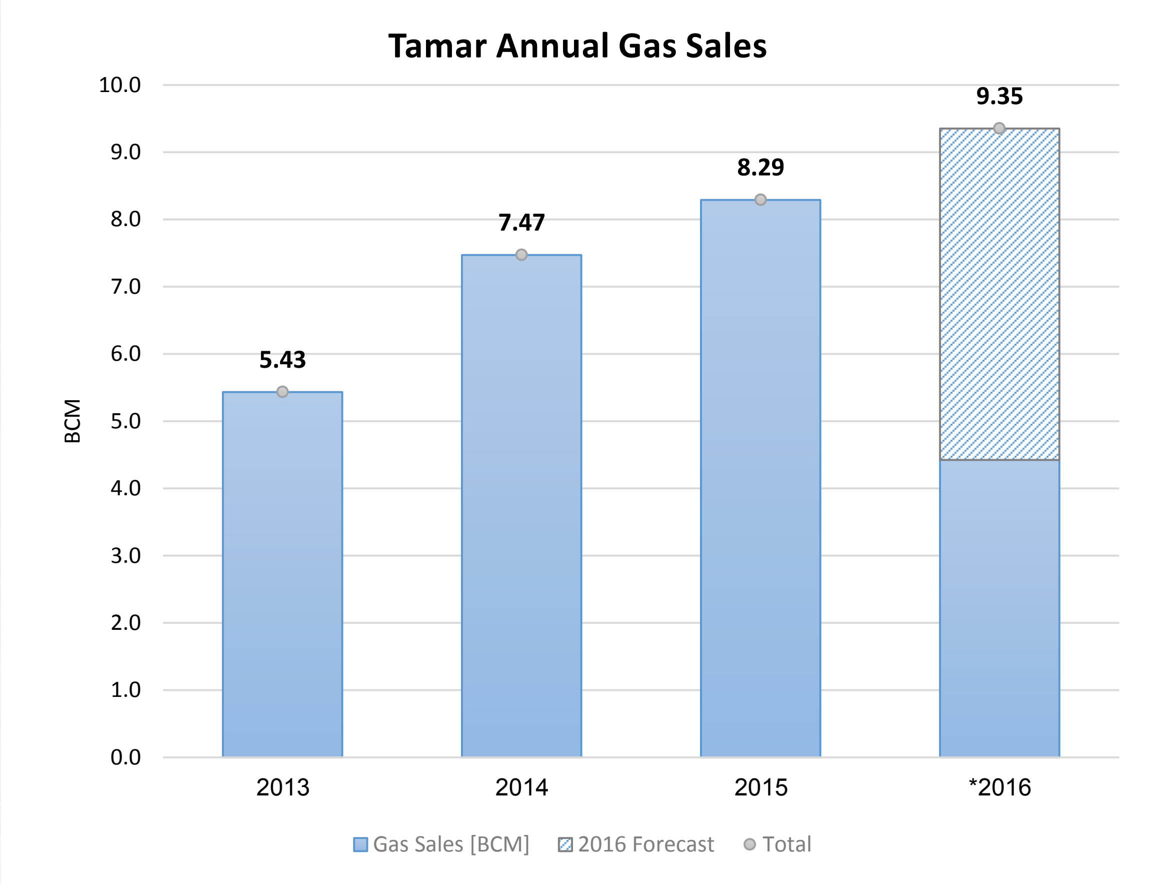
$mm	2015	2016E	2017E	2018E
Sales (bcm/y)	8.3	9.4	10.9	10.9
Revenue	1,601.5	1,798.4	2,154.2	2,224.8
OPEX	138.5	148.7	152.4	156.1
EBITDA	1,160.2	1,395.8	1,444.5	1,750.5
CF	904.3	1,164.9	1,134.0	1,430.5

- 2015 represent Pro forma numbers for 100% of Tamar revenues, based on figures reported in the LP's 2015 Annual Reports
- Estimated numbers based on LP’s reported NSAI DCF
- EBITDA = Operating profit + Depreciation and Amortization

Growing Domestic Demand

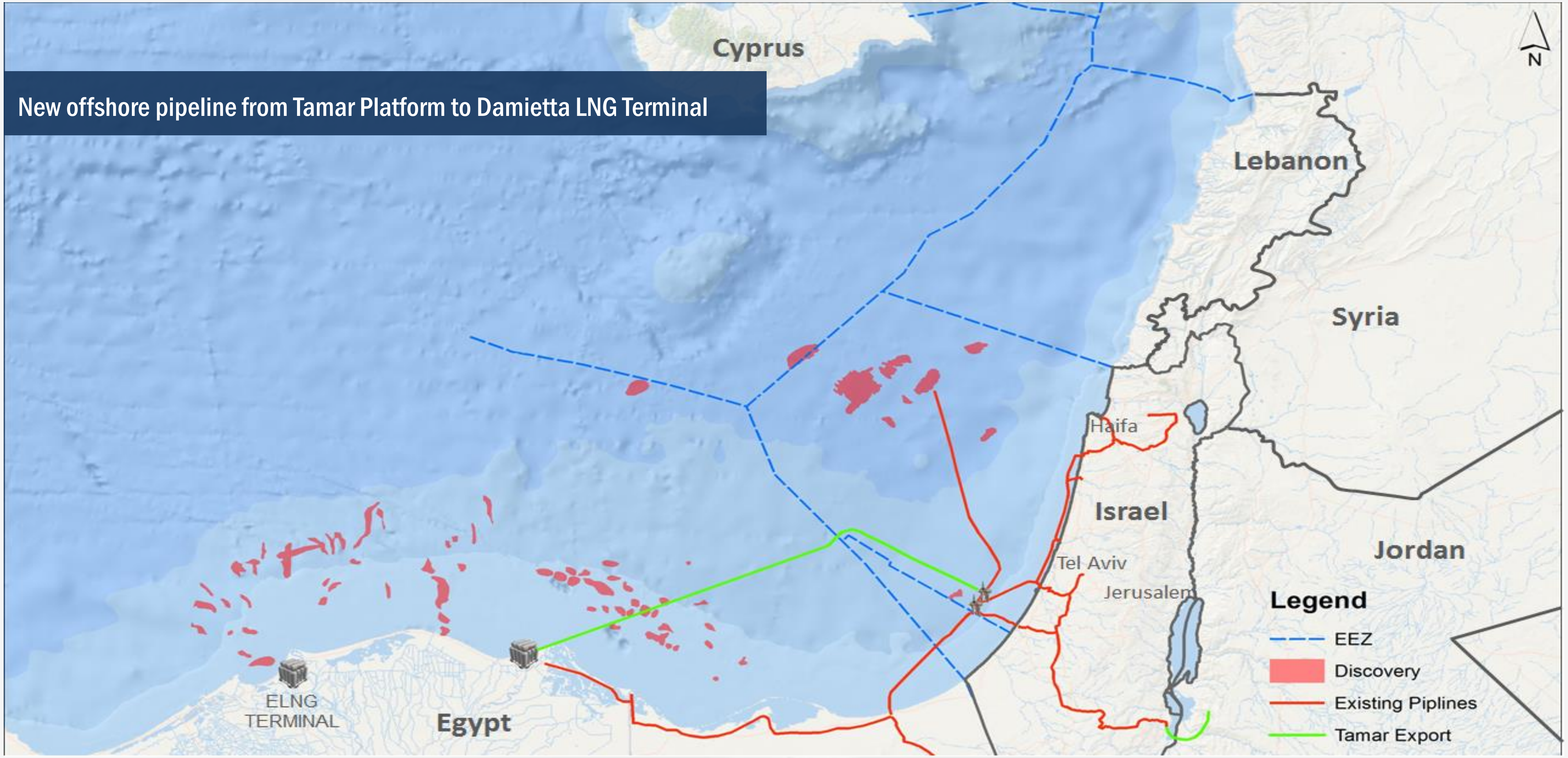
Domestic natural gas consumption is in constant growth trend





* Partial year

Tamar Expansion – Export to Damietta



Tamar Expansion – Unlocking Value

UFG-Damietta agreement will serve as an anchor for capacity expansion of up to 20.4 bcm/y

Expansion program

- A third pipeline (20") from the reservoir to Tamar and Mari-B platforms
- Development of Tamar SW and additional Tamar wells
- Expansion of Mari-B treatment capacity
- New export pipeline to Damietta facility

Delivery point

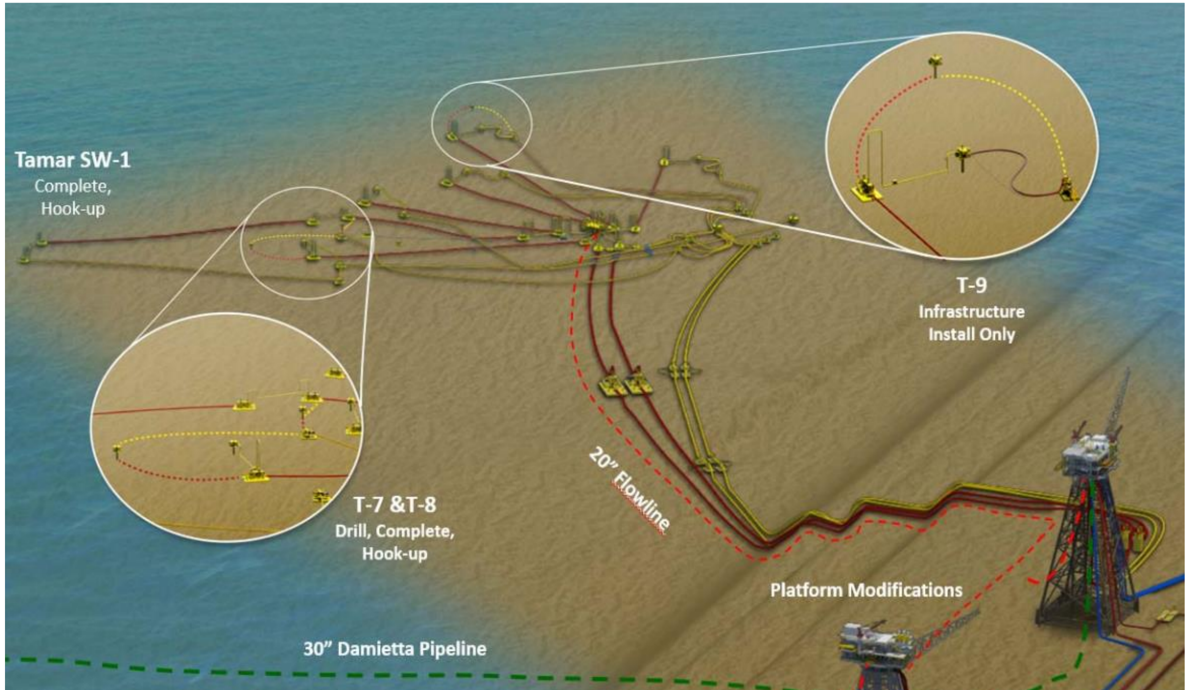
EEZ border between Israel and Egypt

Price

Linked to the Brent price with a fixed floor price

Cost

Estimated at approx. $1.5-2 billion (Tamar partners, 100%)



- Complete & hook-up Tamar SW-1
- Drill, complete & hook-up 2 additional Tamar wells (T7 & T8)
- Install infrastructure for a 4th well (T9)
- Install 3rd flowline (20") with simultaneous flow to Tamar and Mari-B Platforms
- Install Export pipeline (30") from Tamar Platform to Damietta, Egypt
- Install gas receiving and conditioning facilities in Damietta (UFG)

Project Update – Leviathan

Leviathan – A Regional Energy Game Changer

Ownership

Delek Drilling- 22.7%, Avner-22.7%, Ratio 15%, Noble Energy (operator)- 39.7%

2P Reserves*

21.9 tcf (613 bcm), 39.4 mmbbl condensate

Estimated First Gas

4Q 2019

Production Capacity (to be built in 2 stages)

1.2 bcf/d (~12 bcm/y) – for Domestic, Jordan and PA

0.9 bcf/d (~9 bcm/y) – Idku ELNG

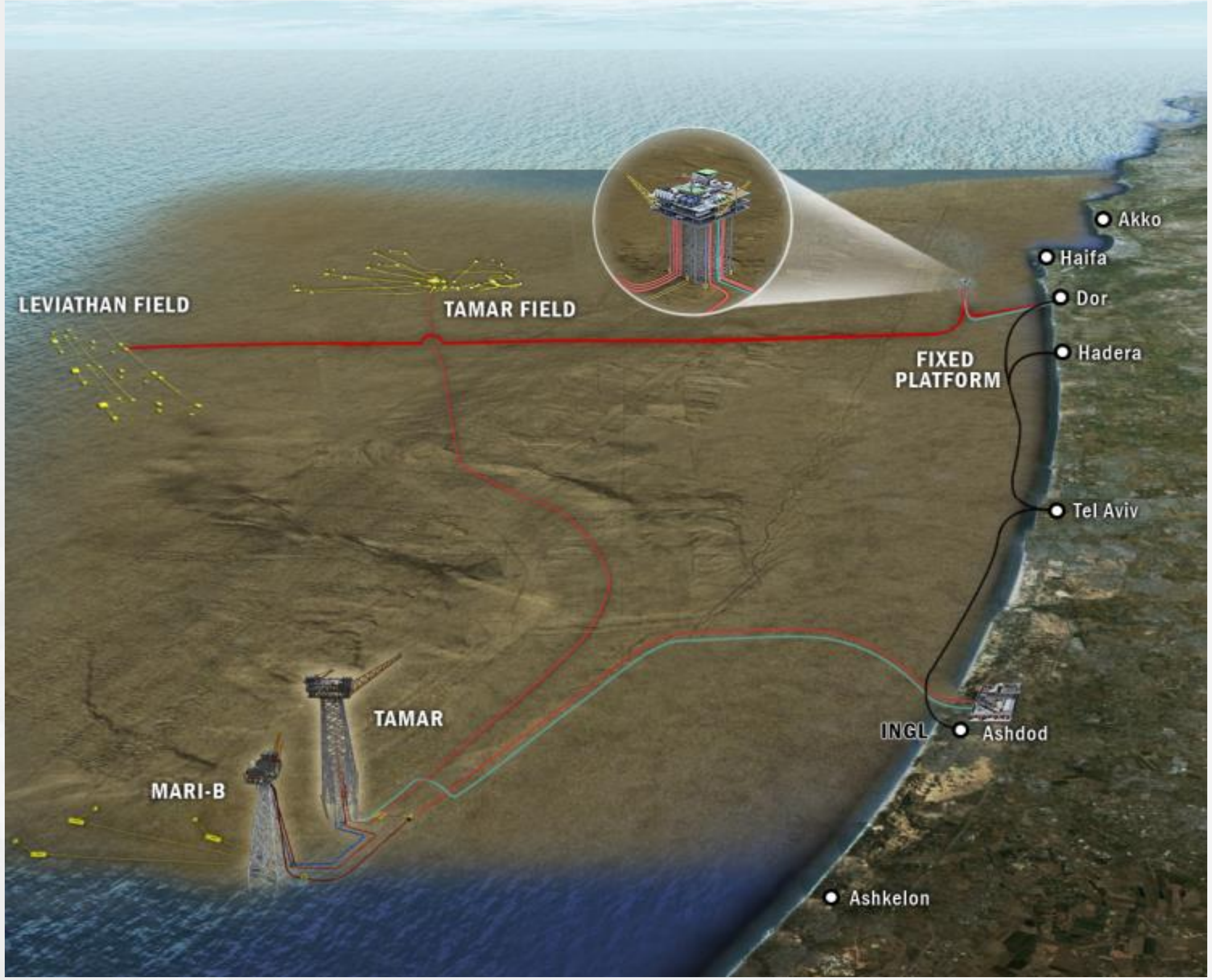
Estimated Capex Development (100%)

$3.5-4 Billion – 1.2 bcf/d

$1.5-2 Billion – Additional 0.9 bcf/d

Additional Prospective Resources (P50)

560 mmbbl oil (liquids) 4.5 tcf Gas



*Reserves estimate as published in 2015 Annual Report

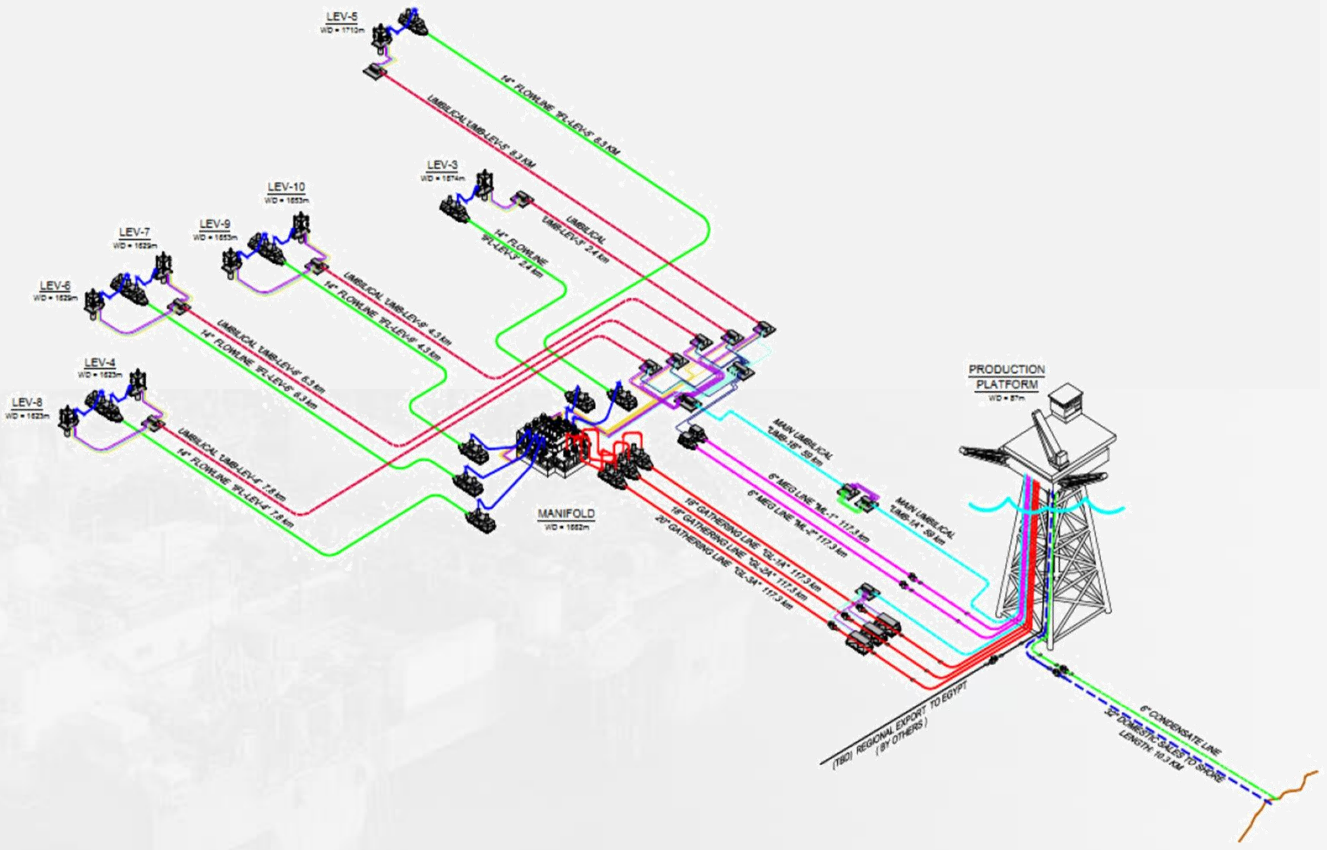
Leviathan – Moving Towards An Investment Decision

Delek Drilling
Avner Oil Exploration

Phase 1 of Leviathan development – approved by the Ministry of Energy

- **Development plan** for phase 1 includes construction of an offshore fixed platform with a 2.1 bcf/d (approx. 766 bcf/y) capacity

- **Estimated Capex** –$5-6 billion for the full development (2.1 bcf/d), of which the first stage to the domestic market, Jordan and the P.A. (1.2 bcf/d) CAPEX of $ 3.5-4 billion



*Resources: 2C, based on NSAI report 2014

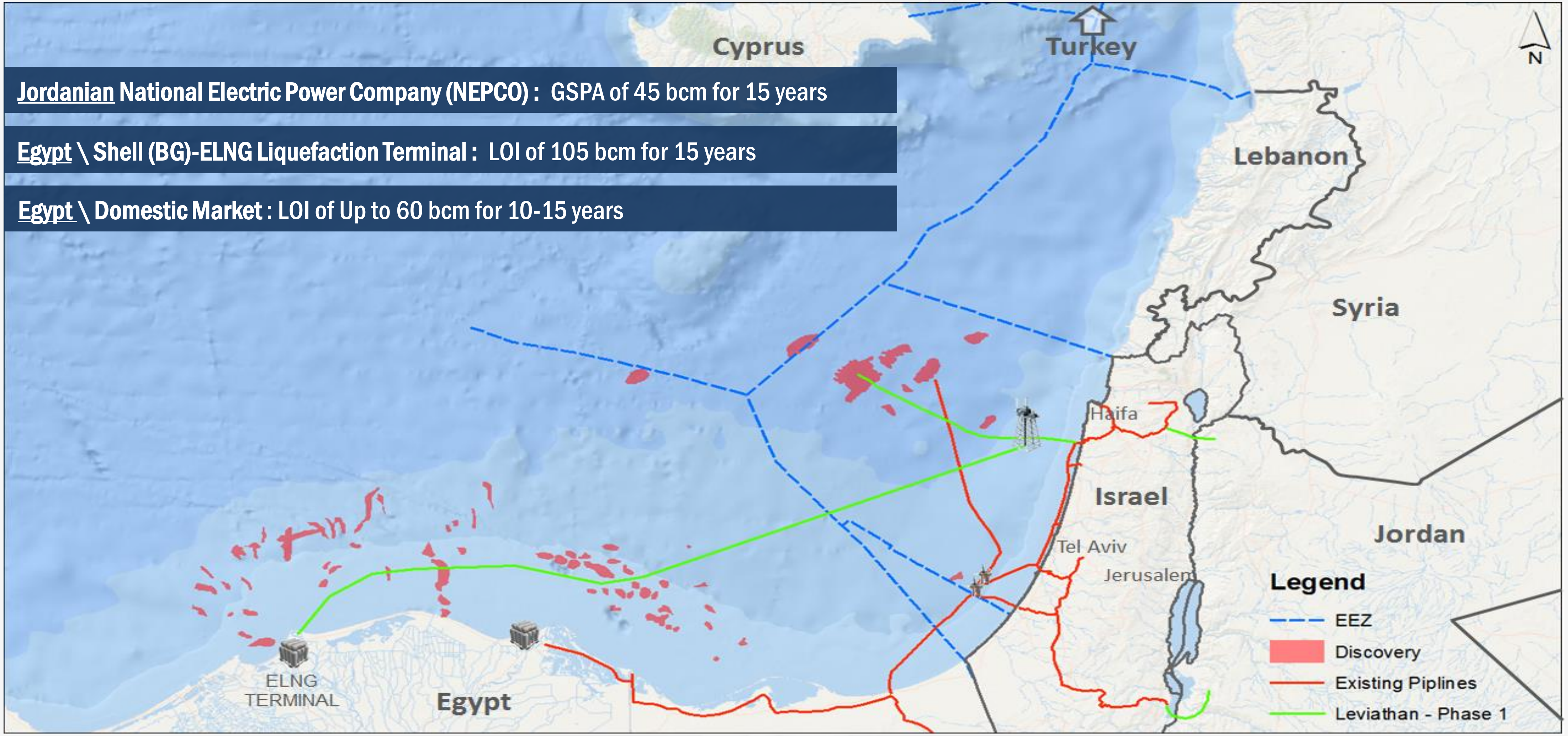
LEVIATHAN

Leviathan – Phase-1 Export Agreements

Jordanian National Electric Power Company (NEPCO) : GSPA of 45 bcm for 15 years

Egypt \ Shell (BG)-ELNG Liquefaction Terminal : LOI of 105 bcm for 15 years

Egypt \ Domestic Market : LOI of Up to 60 bcm for 10-15 years



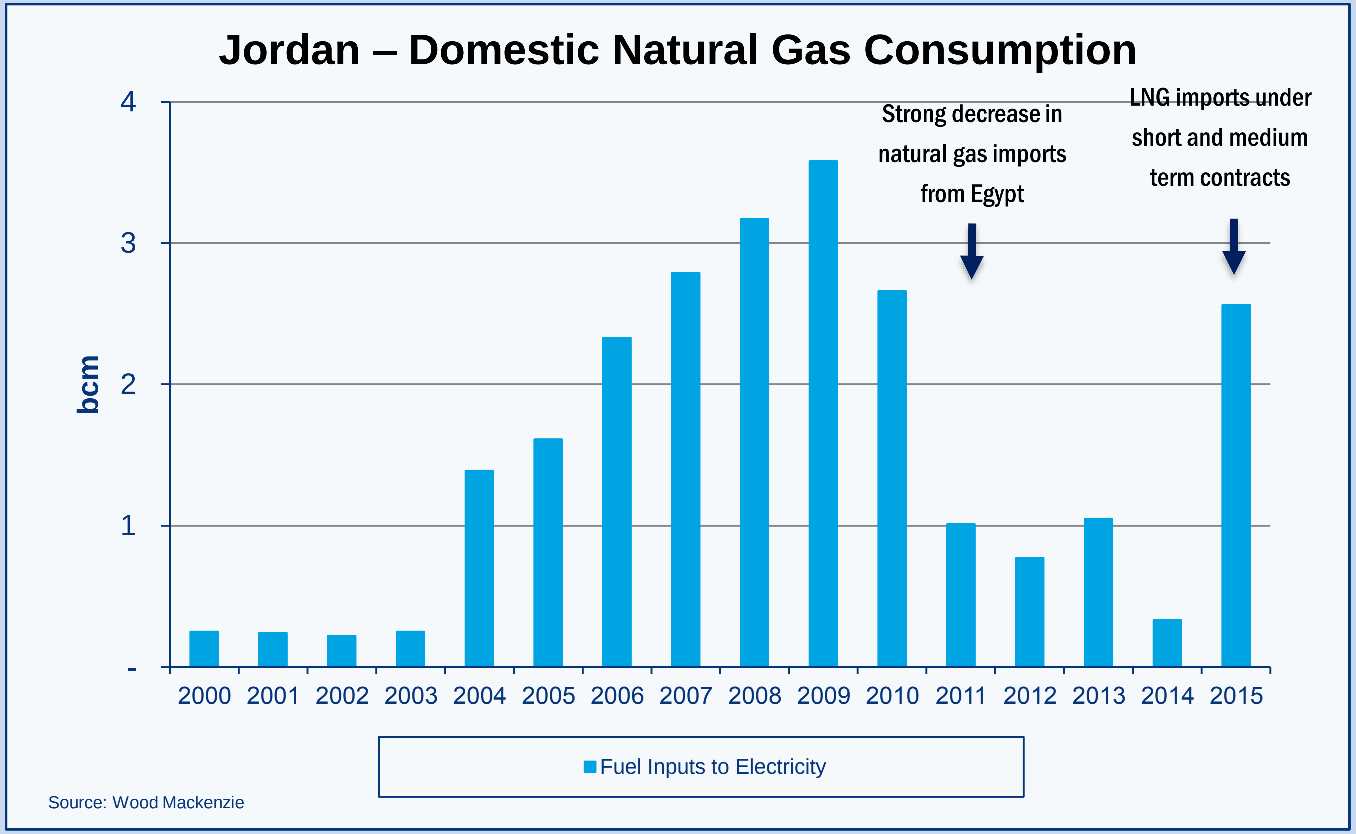
Regional Export Markets

Jordan NEPCO – Ideal Export Offtaker

Agreement signed on 26th of September 2016 – an anchor contract for Leviathan phase-1 development

NEPCO GSPA main parameters:

- ❑ Buyer: National Electric Power Company of Jordan (NEPCO)
- ❑ Seller: NBL Jordan Marketing Limited (SPV owned pro-rata by Leviathan partners, according to their working interests)
- ❑ Total contract quantity: 45 BCM*
- ❑ Duration: up to 15 years from the commencement of commercial supply from Leviathan
- ❑ Price: Brent linked price with a 'floor price'
- ❑ Total estimated revenues may sum to approx. 10 US$ billion

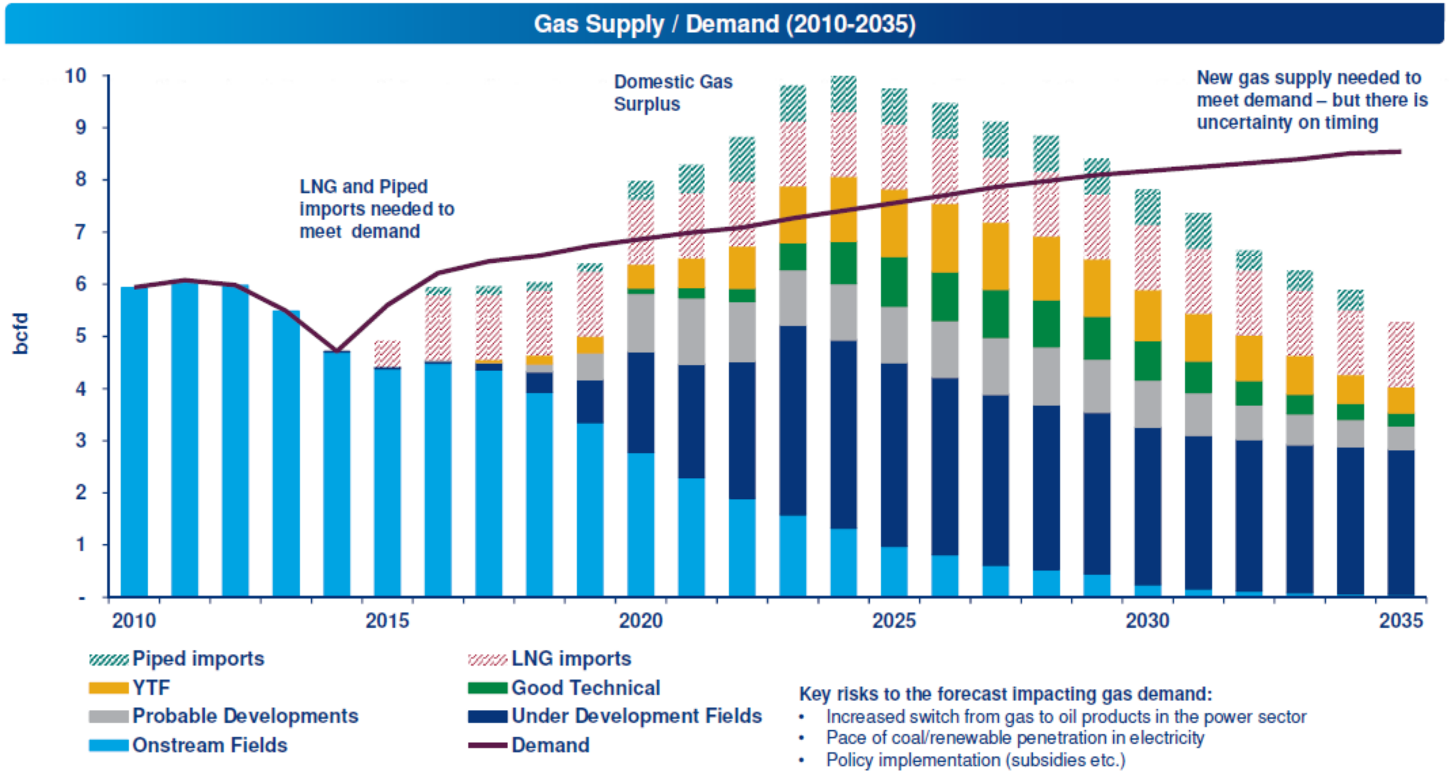


* Assuming that NEPCO will consume the Total Contract Quantity, and based on the Partnership's estimation regarding the price of natural gas during the agreement period

Egypt – Supply Demand Imbalance

- Significant consumption of over 50 bcm/y, and increasing by Approx. 8% year on year (2001 to 2012)
- Additional gas is required for two existing LNG facilities, consuming approx. 17 to 20 bcm/y
- Natural gas is currently imported using two floating regasification terminals (FSRU's); an additional FPSO is being considered
- Egypt is fast tracking new developments such as West Nile Delta and Zohr to restore supply, but is short of gas even if the latter is over 22.5 tcf recoverable

Base Case – Zohr 22.5tcf rec. reserves – Unconstrained demand exceeds domestic supply up to 2023 when Zohr production will just meet demand for a limited time. The S/D gap reaches ~4.5bcfd by 2035



Key risks to the forecast impacting gas demand:
- Increased switch from gas to oil products in the power sector
- Pace of coal/renewable penetration in electricity
- Policy implementation (subsidies etc.)
- Macro risks (financing, credit etc.)

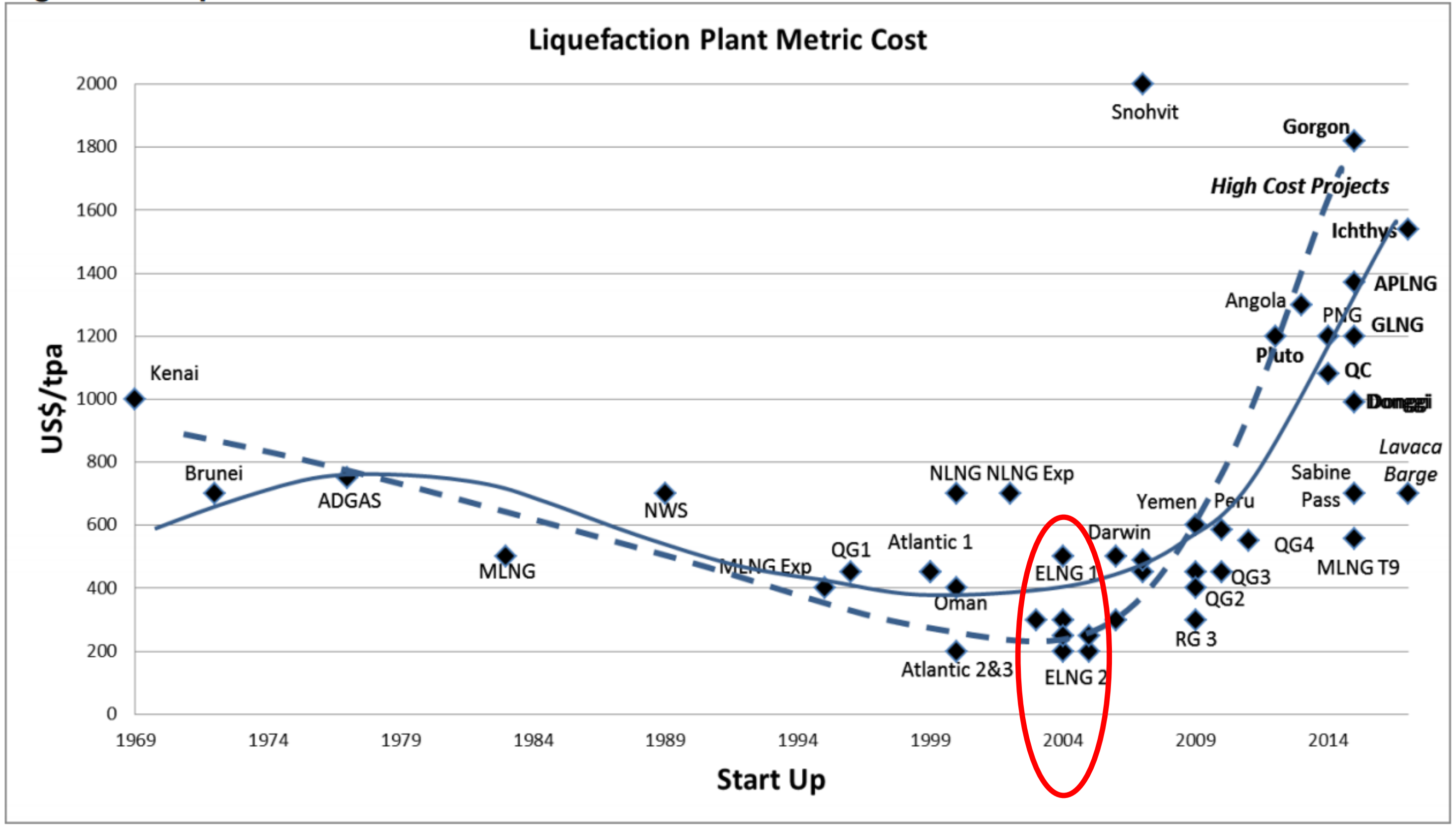
Note: Beyond 2015, demand is based on an unconstrained view which reflects nearly full utilisation from all industries, which is unlikely.

Source: Wood Mackenzie

Regional Export Strategy

Using the competitive advantage of existing Egyptian LNG facilities and Egyptian S/D imbalance window

Figure 16: Liquefaction Plant Metric Cost

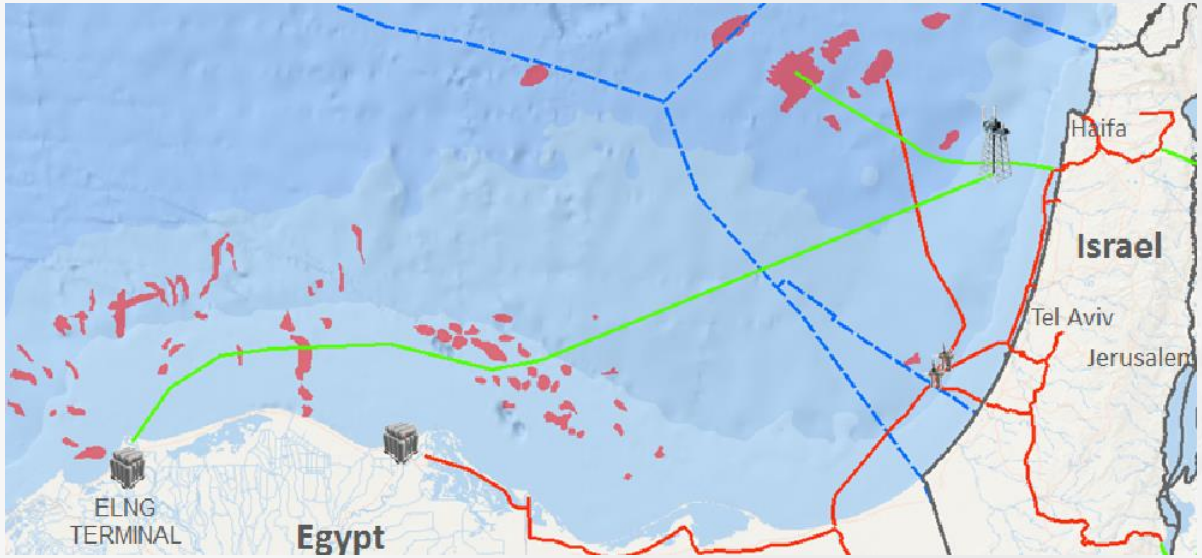


Source: The Oxford Institute for Energy Studies

Leviathan: ELNG-Shell (BG) LOI

- ELNG terminal consumes more than 1.1 bcfd (400 bcf/y)
- LOI signed with BG in June 2014 for the purchase of natural gas for 15 years
- TCQ: 3.7 TCF (105 bcm); DCQ: 700 mmcfd (7 bcm/y) or more
- Gas supply via a new designated offshore pipeline

- **Status**: examining the possibility of increasing the annual quantity as well as extending the term of the agreement
- Aiming to sign agreement in upcoming months



ELNG Ownership

	ELNG 1	ELNG 2
Shell (BG)	35.5%	38%
PETRONAS	35.5%	38%
ENGIE	5%	-
EGAS + EGPC	24%	24%

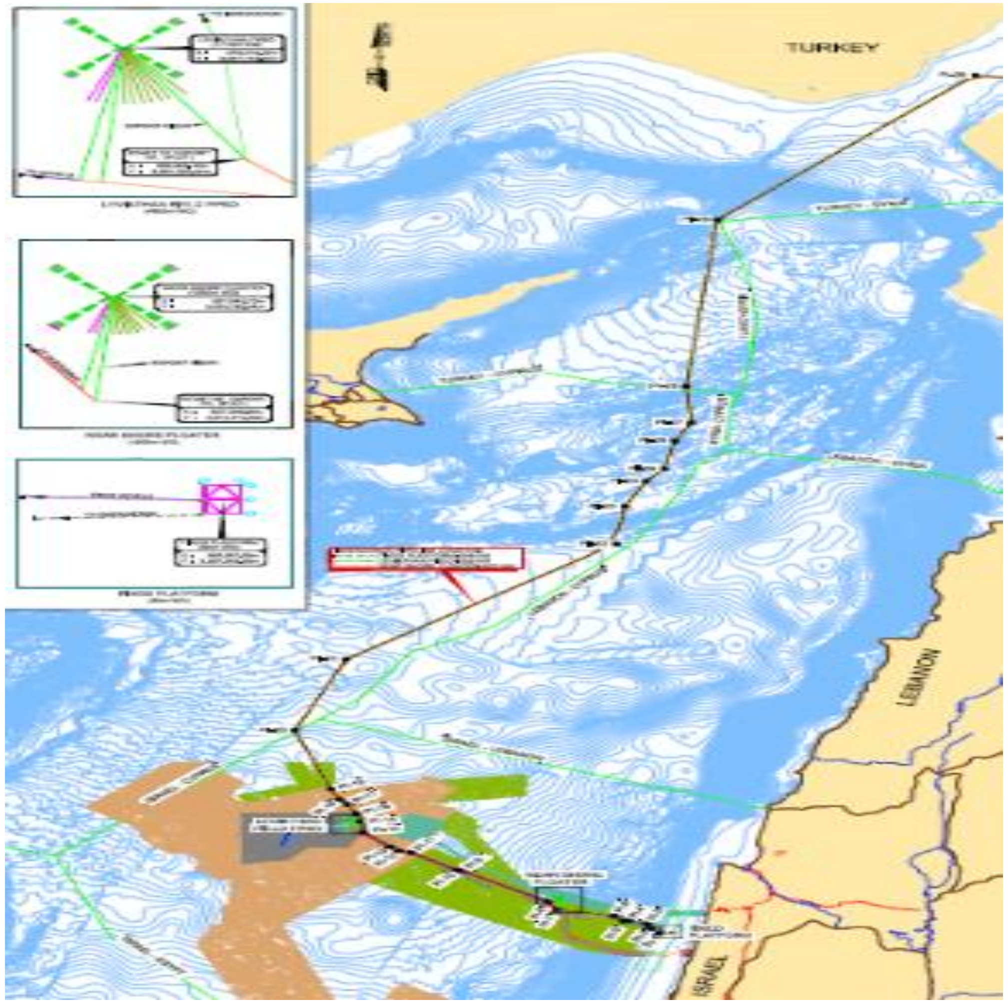
Regional Export – Turkey's Huge Potential

Turkish Market

- Consumed approx. 48 bcm/y of natural gas in 2014 and 2015
- Is 99% dependent on import for natural gas
- Approx. 85% imported by pipeline, 15% imported as LNG
- Highly Developed Natural Gas Transportation Grid, and connection to the decreasing European domestic natural gas production

Natural gas pipe from Leviathan to Turkey:

- Approx. 500-550 km via. Cypriot EEZ
- Water depth – up to 2,250 m
- First stage – 800 to 1,000 mmcfd to Turkish market
- Second stage – additional 800 to 1,000 mmcfd to European markets



Ongoing and continuous contact have been held with leading Turkish companies and Government officials

Cyprus – Aphrodite Field

Ownership
Delek Drilling 15%, Avner 15%, Shell 35%, Noble Energy (operator) 15%

Discovered Contingent Resources (2C) *
3.5 tcf (100 bcm)

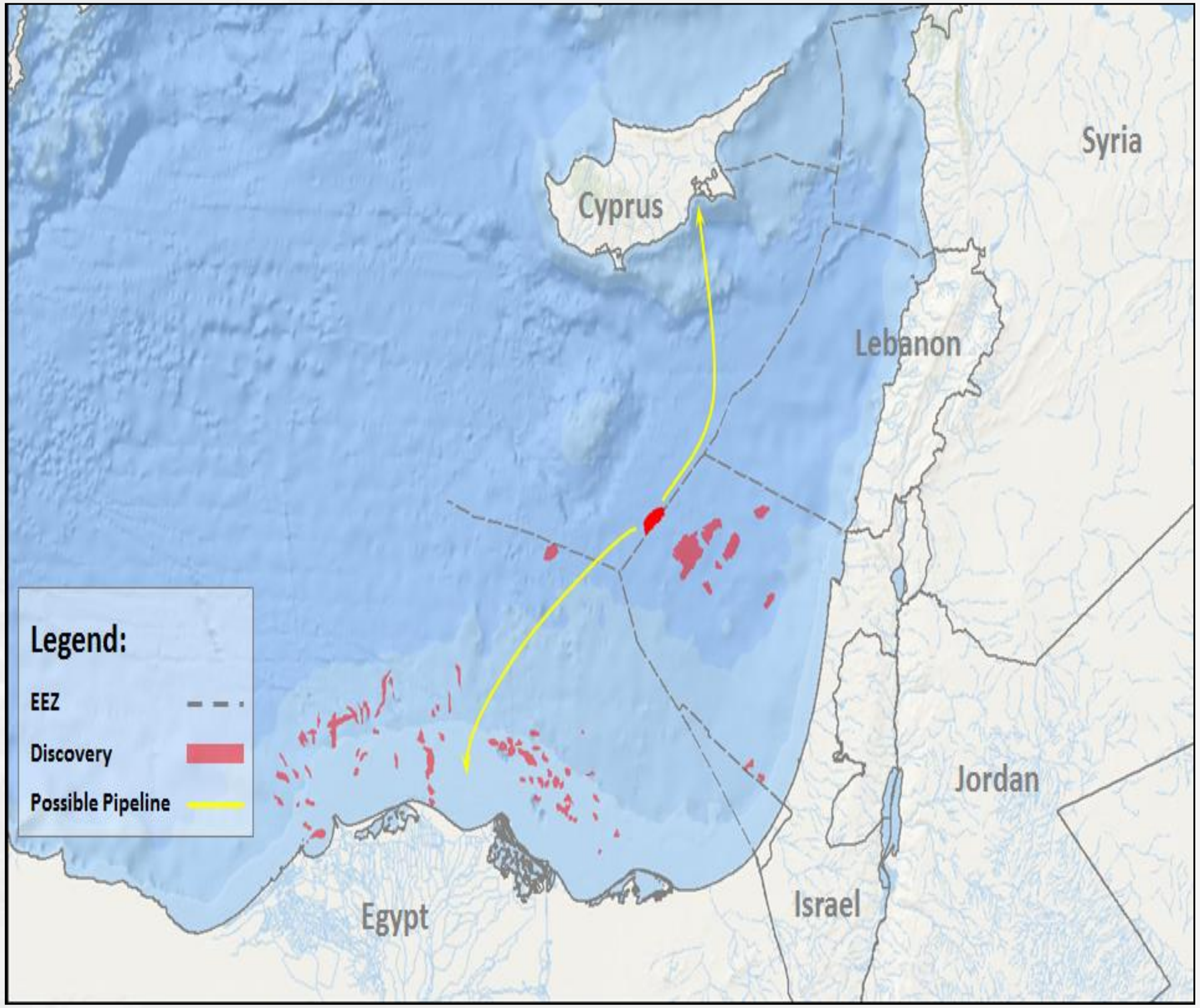
Additional Prospective Resources (P50)
1.0 tcf (29 bcm)

Location
168 km south of Limassol
1,700m water depth

Target markets
Cyprus - Domestic
Egypt - Domestic + LNG facilities

Estimated production capacity
800 mmcfd, of which 60-100 mmcfd for Cyprus domestic Market

Status
Development plan submitted to Cypriot Government in April 2016



* Reserves estimate as published 2015 Annual report

Financial Strategy

Strong Financial Position

- Strong balance sheet
- Long-term, limited recourse-type debt based on significant revenues from the Tamar reservoir only
- No debt tied to the Leviathan reservoir or to Aphrodite
- High cash reserves
- Well-established and stable cash flow
- Low interest environment

Financially Ready For the Next step

Tamar Related Debt

- Examining additional financing to secure optimal leverage rate for Tamar cash flow
- Prepayment of Tamar Bond $400 mm 2016 Bullet (first series) on October 6, 2016

Financially Ready For the Next step

Delek Drilling

Avner Oil Exploration

Leviathan Financing

Bridge to Bond project finance RBL → Up to $2 B in final stage of credit agreement

Thank You