Ratio Oil Exploration (1992)- Limited Partnership

Partnership Presentation
January 2013

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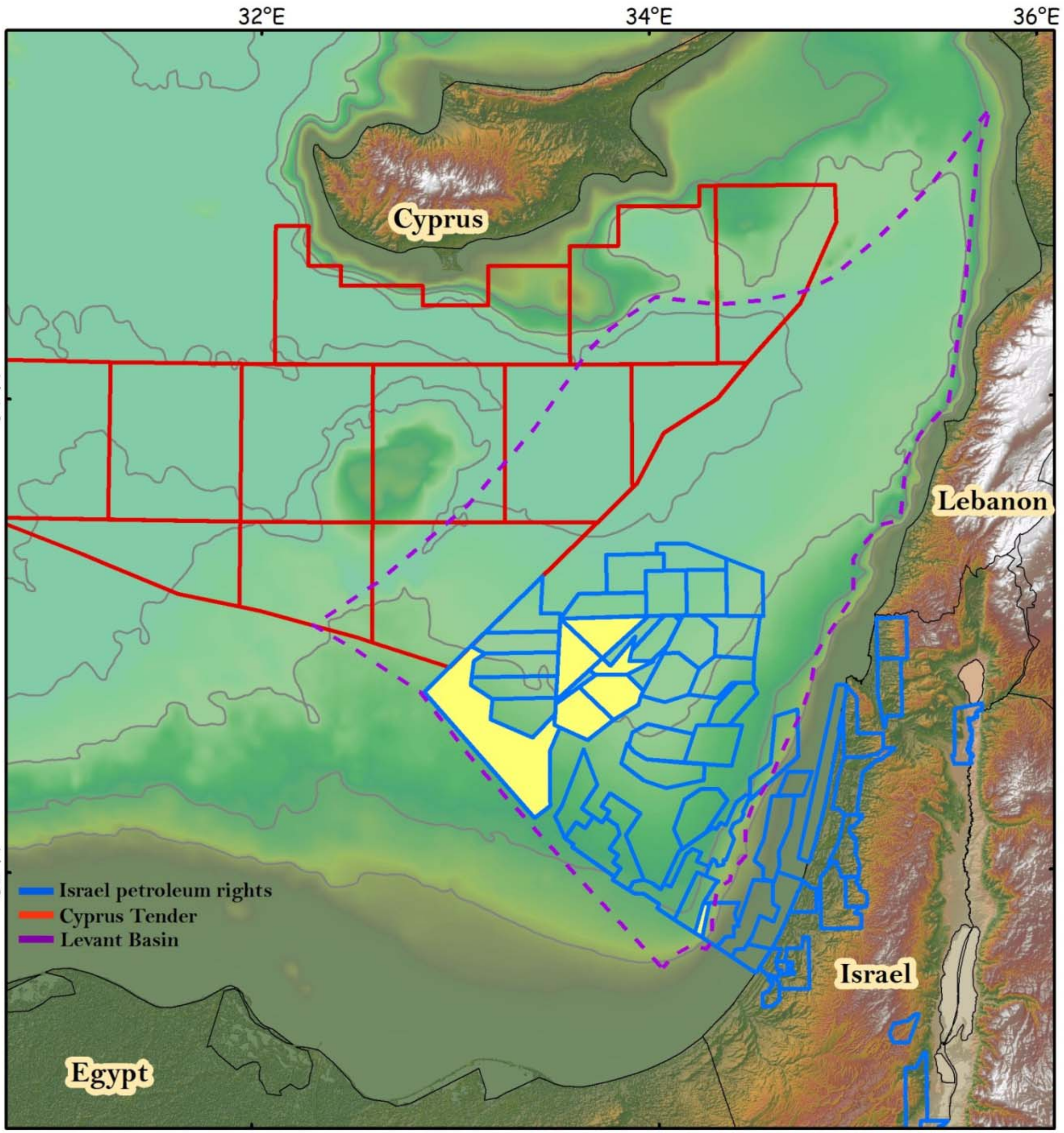
Presentation Outline

- The Levant Basin
- The Partnership Oil Assets
- Ratio Yam Licenses – Leviathan Discovery
- Leviathan Development Approach
- Gal Permit
- Gas Commercialization
- Financial & Trade Information
- The Partnership Goals
- The General Partner

The Levant Basin

Eastern Mediterranean Sea



Ratio exploration assets

Hydrocarbon Potential

Out of a potential of ~ 122 Tcf

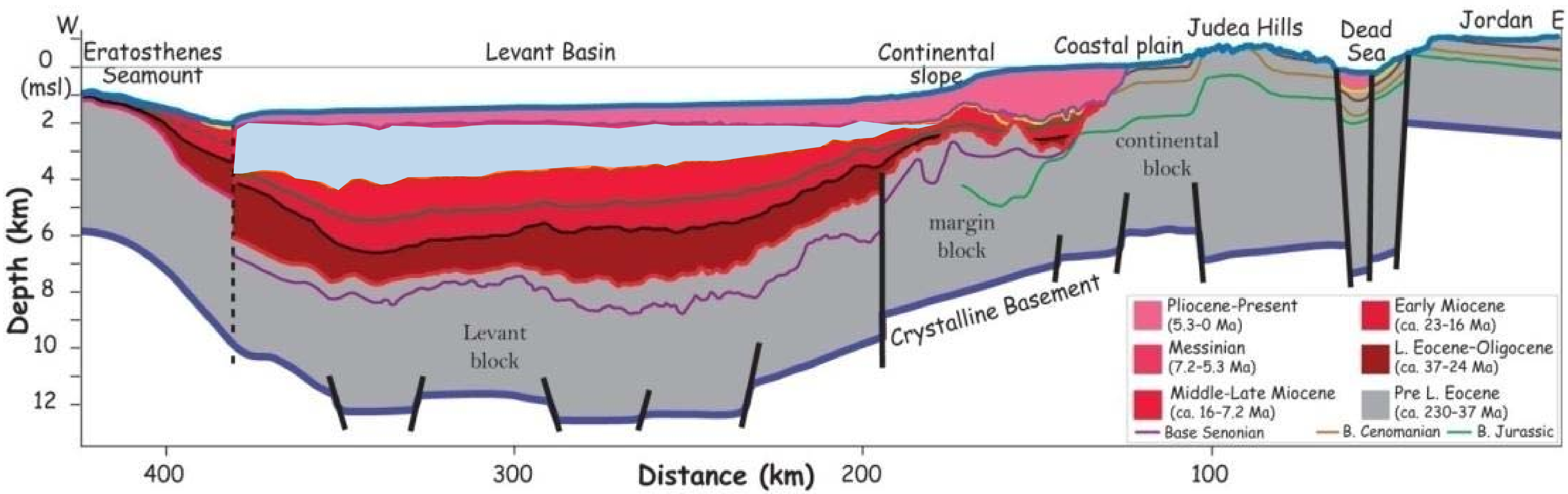
only ~ 35 Tcf have been discovered

Total Petroleum Systems (TPS) and Assessment (Units (AU	Field type	Largest expected mean filed size	Total undiscovered resources											
			(Oil (MMBO				(Gas (BCFG				(NGL (MMBNGL			
			F95	F50	F5	Mean	F95	F50	F5	Mean	F95	F50	F5	Mean
Levant Basin Province, Mesozoic-Cenozoic Compsite TPS														
Levant Margin Reservoirs AU	Oil	177	278	763	1,765	857	340	944	2,202	1,062	7	19	45	22
	Gas	1,074					1,678	4,559	10,594	5,135	51	142	333	160
Levant Sub-Salt Reservoirs AU	Oil	184	148	460	1,242	548	179	569	1,559	679	4	12	32	14
	Gas	12,238					32,462	74,210	150,573	80,758	1,006	2,309	4,721	2,519
Plio-Pleistocene Reservoirs AU	Oil	130	57	217	752	284	68	265	933	351	1	5	19	7
	Gas	4,756					15,360	32,066	61,569	34,393	157	328	633	353
Total Conventional Resources			483	1,440	3,759	1,689	50,087	112,613	227,4	122,378	226	2,815	5,783	3,075

Source: US Geological Survey (USGS) Fact sheet 2010-3014 , March 2010

The origin and nature of the rapid Late Tertiary filling of the Levant basin

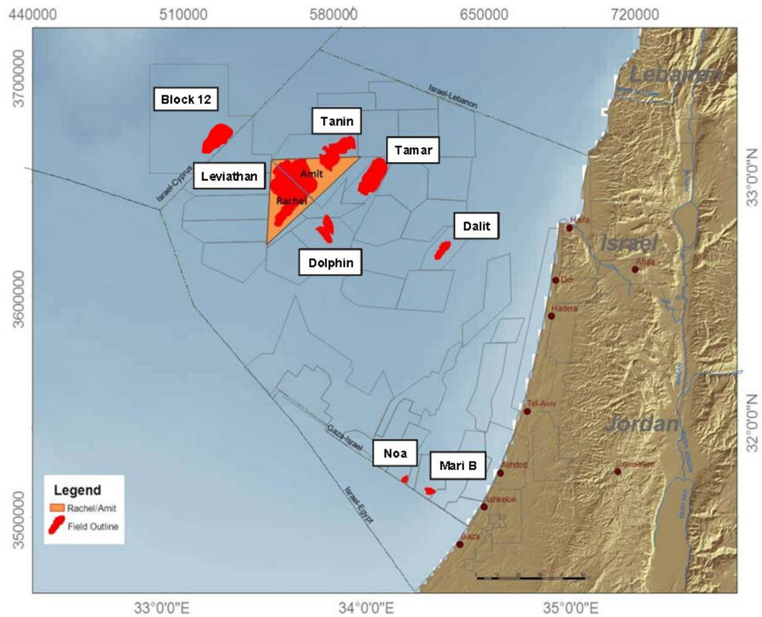
by **Steinberg, J., Gvirtzman, Z., Folkman, Y., Garfunkel, Z.**



Source: Geology, 2011

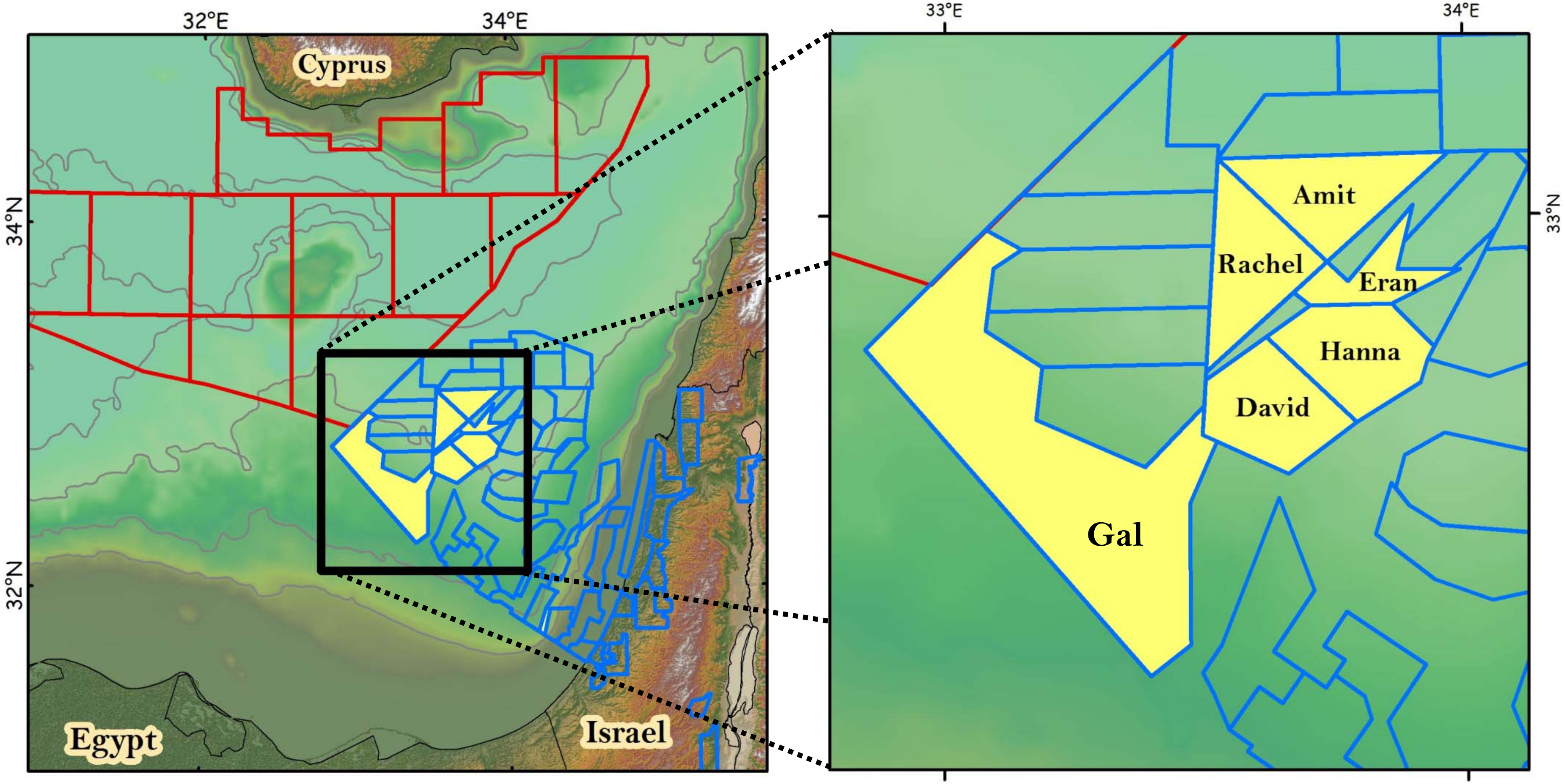
Levant Basin – Major Discoveries (*)

- **Israel:**
  - Mari B (1999) – 1.6 TCF, supplies gas to domestic market since 2004
  - Noa (1999) – 0.15 TCF, supplies gas to domestic market since June 2012
  - Tamar (2008) – 9 TCF, under development , anticipated first gas - Q2/2013
  - Dalit (2008) - 0.5 TCF, pre-development
  - **Leviathan (2010) – ~ 17 TCF, pre-development**
  - Dolphin (2011) - 0.1 TCF
  - Tanin (2011) - 1.1 TCF
- **Cyprus:**
  - Block 12 – (2011) – 5-8 TCF, under assessment



(*) Excluding Ratio assets, resources quantities are in accordance to third parties publications

The Partnership Oil Assets



“Ratio Yam” Licenses

- **Leviathan – One of the world’s largest gas discoveries of the last decade, with an estimated 17 Trillion Cubic Feet (TCF)**
  - Identified originally by Ratio and then introduced in 2007 to its current partners
  - Discovered in late 2010, Leviathan is the most significant gas field in the Eastern Mediterranean Sea
  - Located in the Rachel & Amit Licenses, 135km west of Haifa, Israel in water depths of approx. 1,630m, covering an area of approx. 325 km^2
  - Surrounded by several recent commercial discovery fields
  - Contains high quality reservoir and gas- 99% methane, 21% porosity
  - Completed in June 2012 drill stem tests which showed that the Leviathan field can be a high-rate producing field

“Ratio Yam” Licenses - Current Partners Composition

Noble Energy Mediterranean (Operator)

39.66 %

Ratio Oil Exploration (1992) LP

15 %

Ratio Yam licenses
(Amit, Rachel, Eran, Hanna, David)

Delek Drilling

22.67 %

Delek Drilling LP

22.67 %

Avner Oil and Gas Exploration LP

Leviathan Project - Strategic Partner Selection

In December 2012 Leviathan Partners announced Woodside Energy on their willingness to conduct negotiation towards execution of a definitive agreement following Woodside proposal to acquire 30% working interests in the Leviathan Project (Rachael & Amit Licenses)

Australia based Woodside is one of the world's leading producers of LNG with experience and track record throughout the LNG value chain (design & erection, operation, shipment, trading, marketing and financing), with a market cap of approx. $ 30B

Anticipated Transaction Outcomes:

- Woodside will pay approx. $2.5B in return to acquiring of 30% interests in the Project
- Woodside will be considered as midstream operator (LNG infrastructures)
- The Partnership will sell 5% interests in the Project and expects to receive approx. $420 M throughout the Project life with a deduction for payment of overriding royalties
- The Partnership expects to receive approx. $140M during 2013
- Noble will provide the Partnership with a financial safety net , if the Partnership requires it

Leviathan Joint Venture - Future Partners Composition

Noble Energy
(Upstream Operator)
30%

Ratio Oil Exploration
(1992) LP
10%

Woodside Energy
(Midstream Operator)
30%

Leviathan project
(Amit and Rachel Licenses)

15%
Delek Drilling LP

15%
Avner Oil and Gas Exploration LP

“Ratio Yam” Licenses – Cont.

Leviathan – Anticipated major targets in 2013

- Execute binding Farm-out Agreement with Woodside –target Q1/2013
- Complete the Leviathan #4 appraisal well during Q1/2013
- Consolidate future operations regarding the prospective resources of the oil deep targets
- Approve Development Plan
- Advance upstream studies and LNG & FLNG Front End Engineering Design (FEEDs)
- Commence negotiations of gas supply contracts

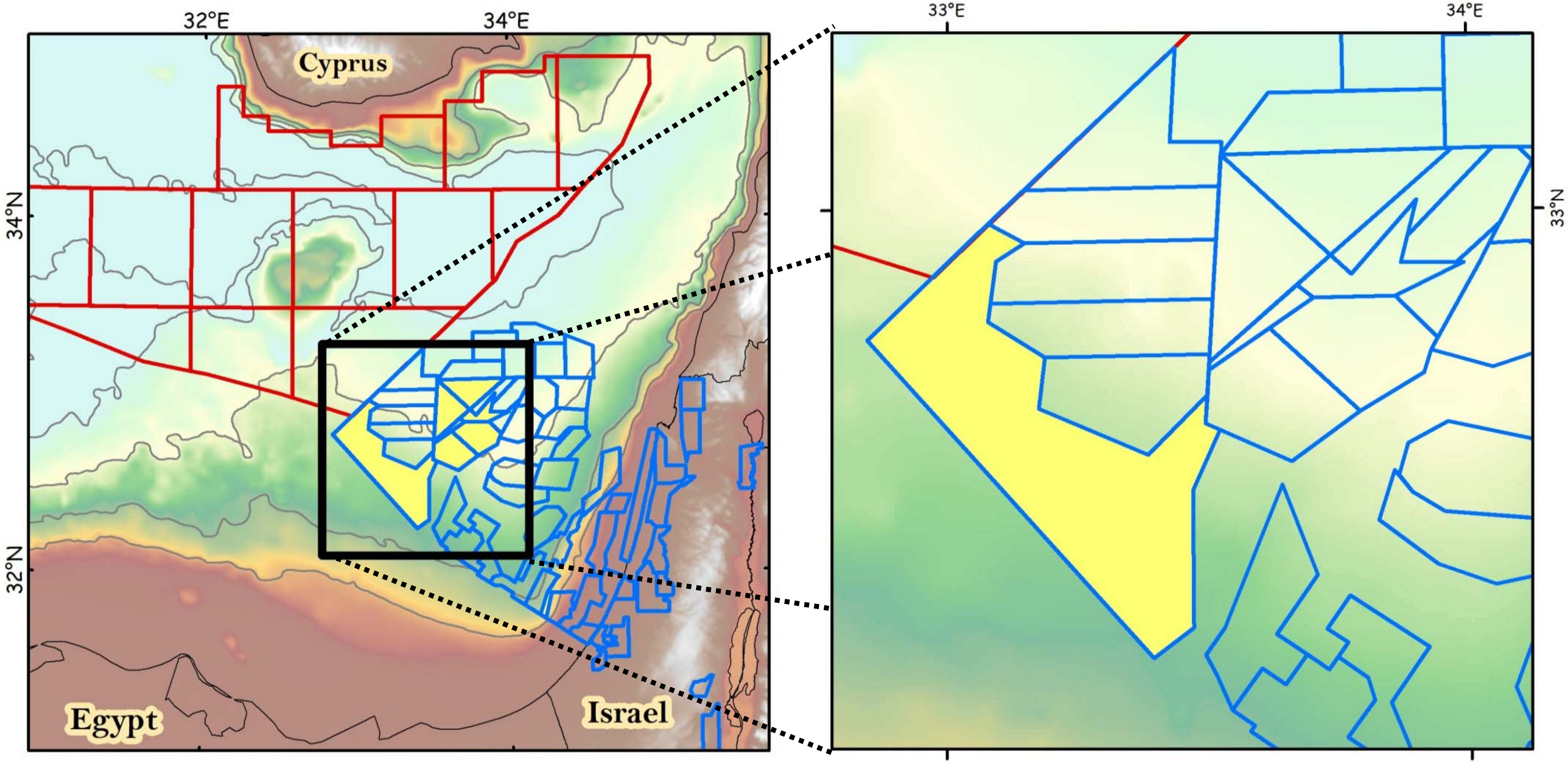
Leviathan Development Approach

Scale, location and selected strategic partner allow for multiple development & marketing possibilities

- Supply to Domestic Market - target 2016 (*)
- Supply to Export Markets – target 2018-2020 range (*)
  - Pipeline
  - Onshore LNG plant
  - Offshore floating LNG facility
- Export supply alternatives are under assessment
- Woodside has strong relations with Asian LNG customers over 28 years; over 85% of its LNG is sold under long term contracts based on "take or pay" arrangements to Japan, Korea and China

(*) Source : Noble Energy Analyst Conference – December 2012

“Gal” Preliminary Permit



“Gal” Permit

- In 2010 the Partnership obtained the Gal preliminary permit (with priority rights) and by July 2011, completed the work program, including the acquisition of a 3D seismic survey

- In November 2012 the Partnership and Edison International signed Farm-out agreement. Edison will hold 20% of the working interests and will be designated as the operator

- In November 2012 ,the Partnership exercised its priority right and applied for two licenses, named Neta and Royee, within the preliminary permit area. The application indicates the following working interest in the asset: the Partnership (70%), Edison (20%), Israel Opportunity (10%)

- Edison is a reputable marine operator with a substantial exploration and production activities in Italy, Egypt & other countries in Europe and Africa

Gas Commercialization

Israeli Governmental Gas Export Policy ("Tzemach Committee") - Primary Recommendations issued in September 2012

- Export of up to 500 BCM from all reservoirs
- Export of up to 75% from each reservoir exceeding 200 BCM
- Infrastructures to shore will be developed independently to infrastructures that will be developed by the Government, for those discoveries which will receive Leases in 2013
- Governmental Committee will be established to mitigate development barriers and to advance the gas export schedules
- Onshore LNG facility will built in Israel as a preferred priority. Export will be allowed from other territories
- Presence of a "Major" oil & gas company is important to efficiently develop the Israel gas market

Gas Commercialization

Domestic Market – Strong Demand Outlook

- Power
  - Power Shortage - Available Installed Capacity during peak load ~ 3.9%
  - New Capacity - 4,000- 5,000 MW gas fired plants are under construction or pre financial closing which expected to be under operation by 2017-2018.
  - Conversion of IEC's coal fired plants to utilize gas – 1,400 MW by 2017

- Industry
  - Conversion of heavy industries' production facilities burners to utilize gas
  - Development of new industries which heavily utilize gas (such as :Ammonia, Methanol)

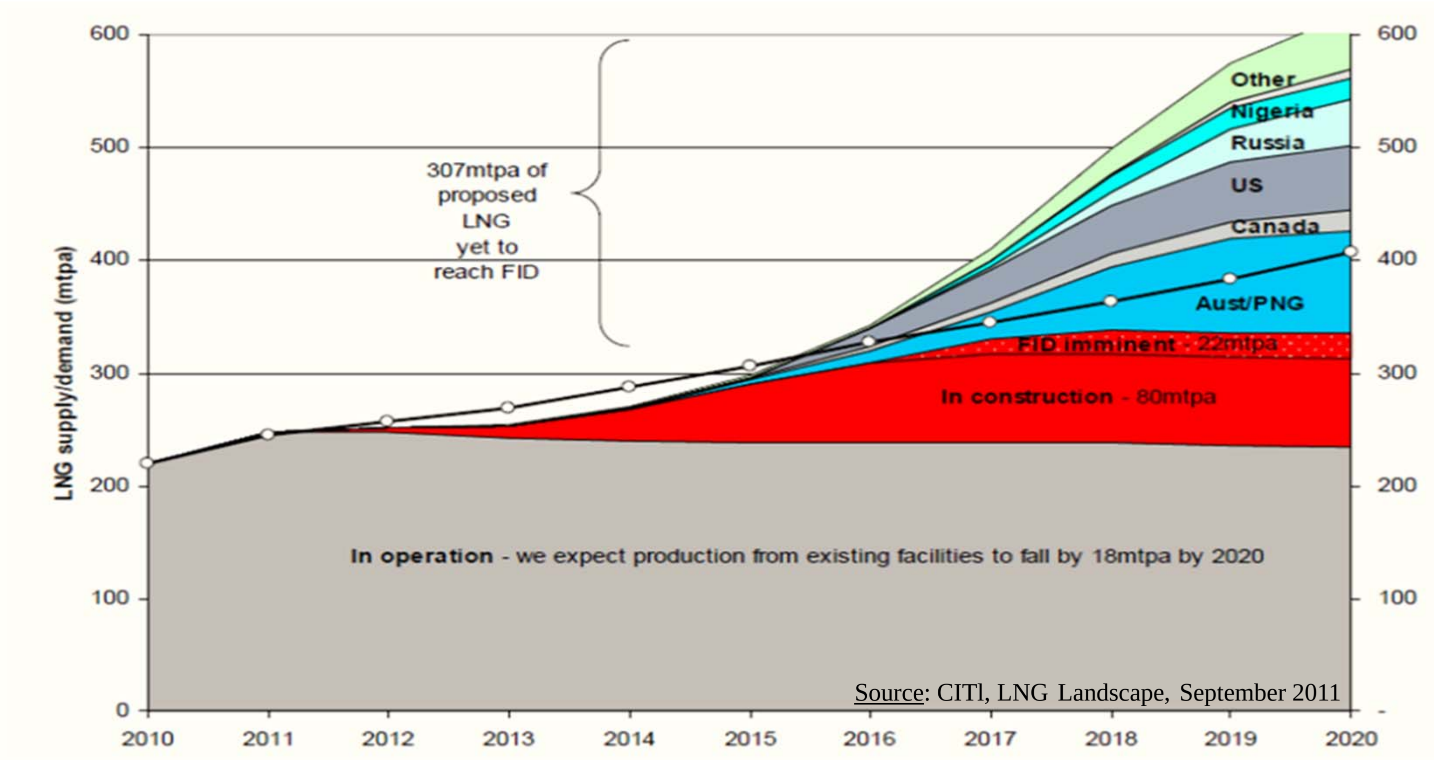
In April 2012 the Ministry of Energy & Water issued its long term forecast demand for natural gas for power and industry uses:

- Approx. 13 BCM in the year 2020 and 15 BCM in the year 2025 (demand in 2010 was approx. 5.5 BCM)
- Aggregate demand of approx. 430 BCM during years 2016-2040

Gas Commercialization – Cont.

Export Markets – LNG Supply Side

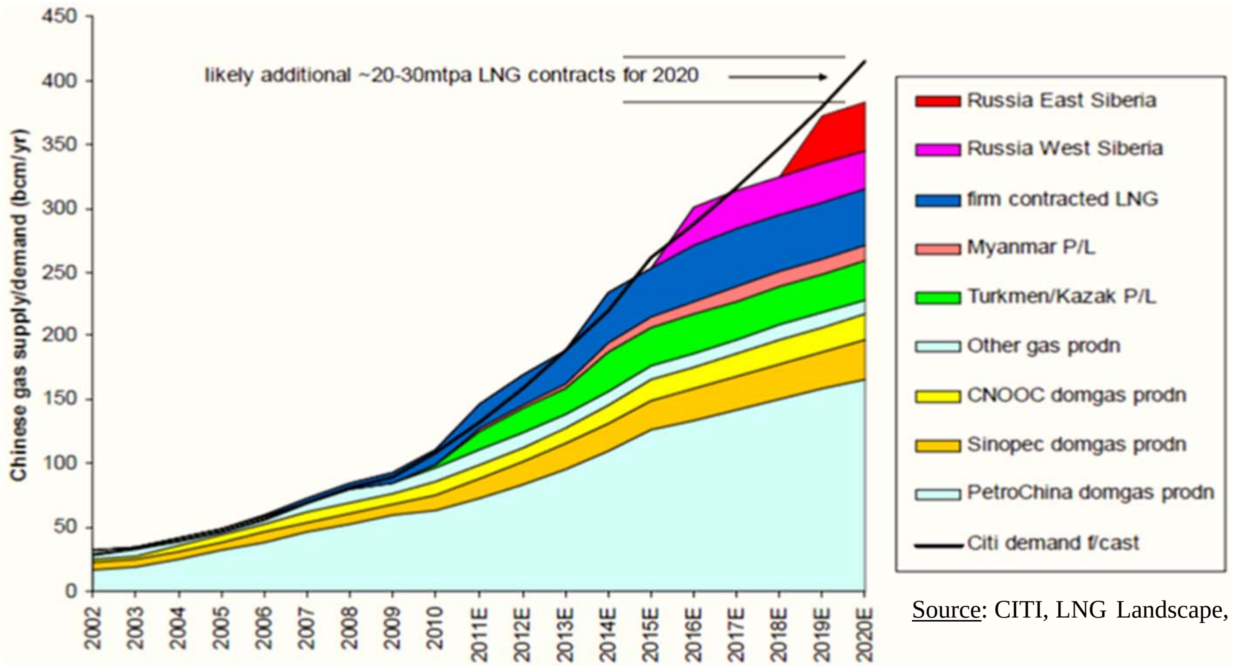
Forecast for an additional Global LNG demand of 72 mta in 2020, well beyond the capacity proposed by projects currently in operation (~ 230 mta) , in construction (~80 mta) and in FID imminent (~ 22 mta).



Gas Commercialization – Cont.

Export Markets – LNG Demand Side

- Annual growth in LNG demand forecasted at an increase 6.3% p.a. until 2020
- Significant growth in LNG demand comes from China, Japan, India & Korea
- Chinese LNG growth forecasted to rise from 9.4 mta in 2010 to 55 mta in 2020
- Of the 55 mta of Chinese imports anticipated by 2020, 33 mta are already secured by firm LNG contracts



Source: CITI, LNG Landscape, September 2011

Financial Information

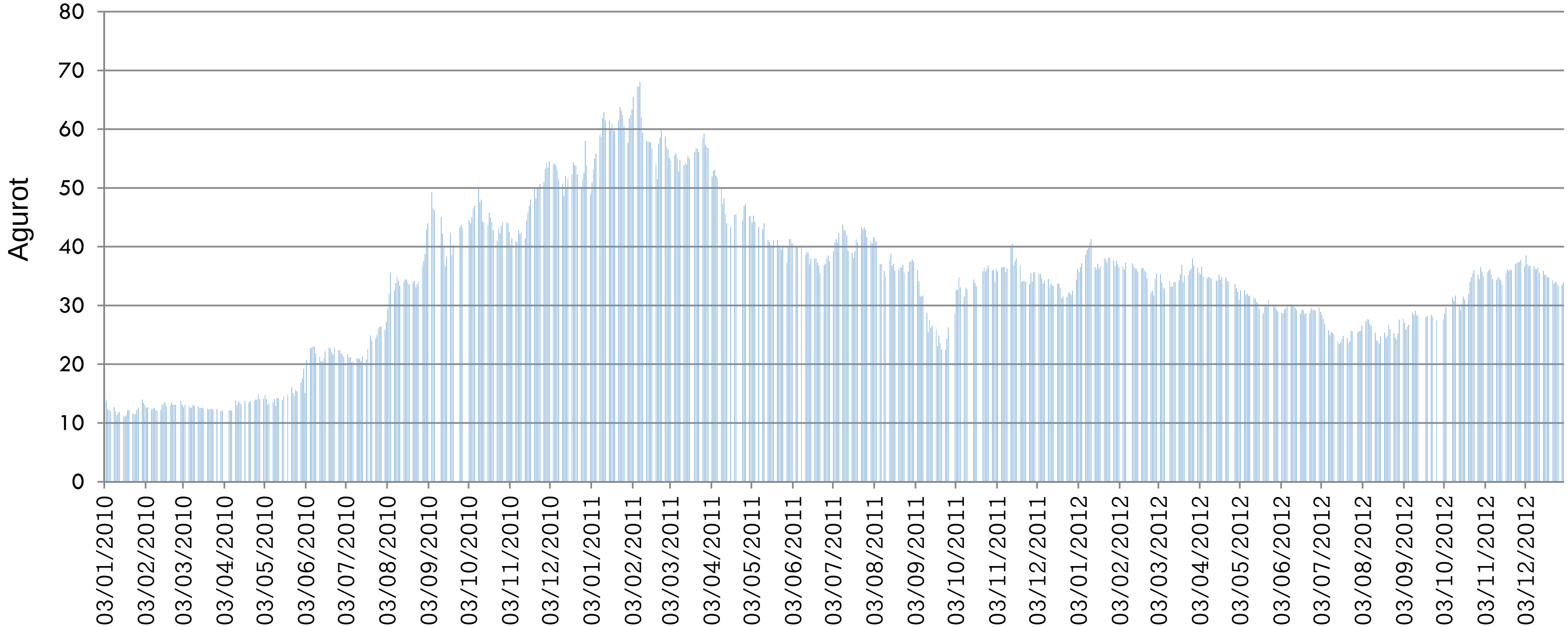
(as of September 30, 2012)

- Total assets: USD 119 M
- Liquid assets: USD 8.1 M
- Investment in oil assets: USD 85 M
- Partners' Equity: USD 95 M

January 2013 Rights Issuance

- Issued (over 99% of the rights were exercised) a package of units and three series of warrants.
- Immediate amount received was approx. USD 8.5 M, and
- Additional potential future of fund raising in the amount of up to USD 120 M following exercise of the warrants.

Tel Aviv Stock Exchange Information
Unit price Jan 2010 – Dec 2012

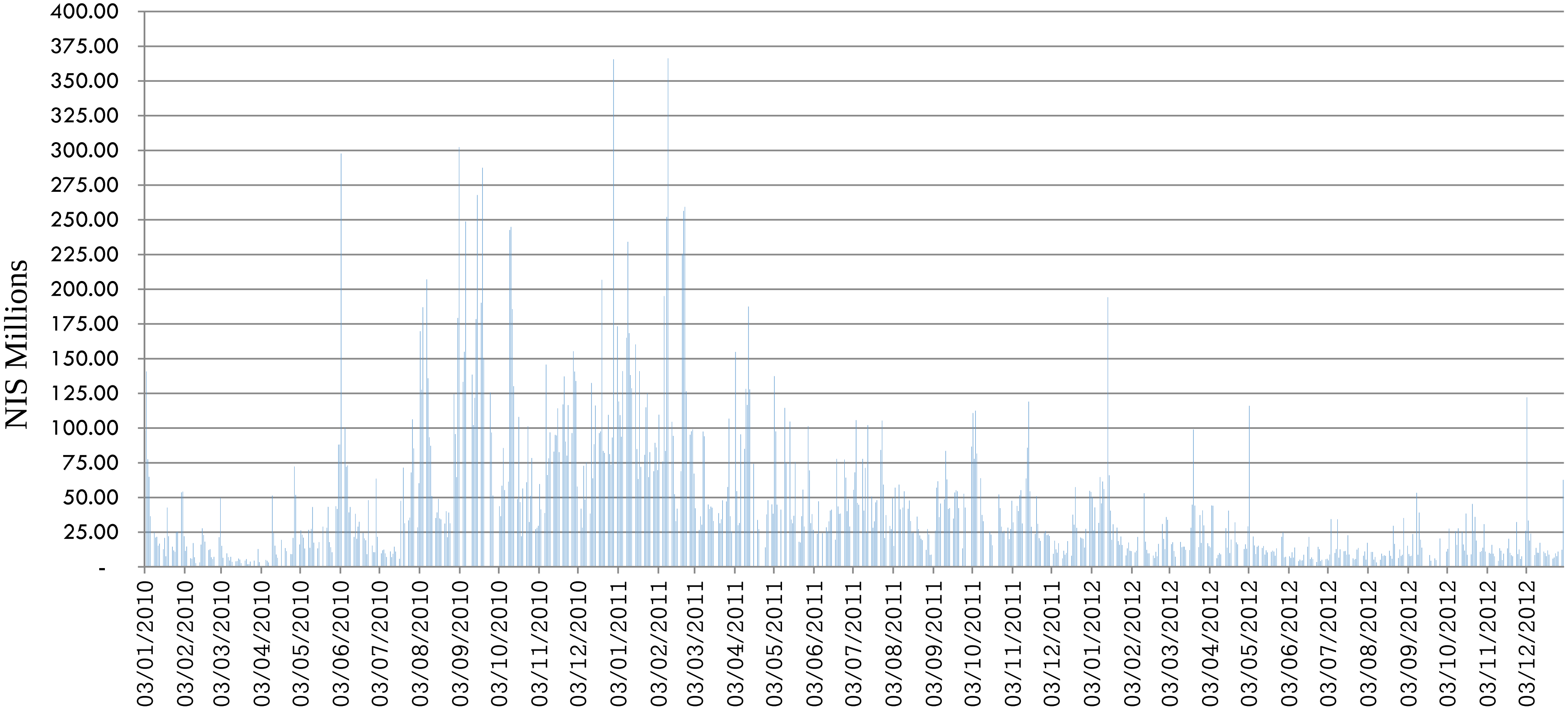


Most recent analysts Target Unit Price (agorot):
UBS - 50, Barclays – 53, Excellence- 46

*NIS=100 Agurot

Tel Aviv Stock Exchange Information

One of the most traded security on the Tel Aviv Stock Exchange



Partnership's Goals

- Continue with E&P operations in its current exploration assets
- Further explore the Gal asset, together with Edison
- Develop and commercialize the Leviathan gas field
- Acquire working interests in additional petroleum assets
- Take advantage of the data and knowledge gained from recent activities to further assess additional regional opportunities

The General Partner

- Partnership founded in 1992 and first listed in the Tel Aviv Stock Exchange in 1993
- Managed by solid, professional and experienced individuals
- The founding families, Landau and Rotlevy, have a long-term development and investment philosophy in the energy sector, along with numerous investments in other industries
- Geological team has in-depth academic and practical knowledge in the exploration in the Levant Basin

Thank You

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