



Delek Group



Periodic Report for 2019

Forward-looking information: The estimates of NSAI in respect of the contingent and prospective resources in the Dalit Lease is forward-looking information as defined in Section 32A of the Israel Securities Law and is partially based on geological, geophysical, and other information obtained from the wells and from the operator, and are the professional estimates and assumptions only of NSAI and there can be no certainty in their respect. Quantities of natural gas actually produces (if produced) may differ from these estimates and assumptions, partly due to technical and operational conditions and/or regulatory changes and/or the supply and demand conditions in the natural gas market and/or actual performance of the reservoirs. The estimates and assumptions may be revised if additional information becomes available and/or as the result of a range of factors related to oil and natural gas exploration and production projects.

1.7.6. Rights in Cyprus - Block 12 Project

(A) General

(1) As at the approval date of the report, the Company's rights in the Block 12 project are from its direct and indirect holdings of 54.7% of the unit capital of Delek Drilling, which holds 30% of the participating rights in the project, and from the Company's and Delek Energy's right to royalties from its share of the Partnership in the project, as set out in section sections 1.7.1(B)(1) above and 1.7.6(l) below. All information below is as at the approval date of the report and relates to all of the Company's direct and indirect rights in the project.

(B) Background

On February 11, 2013, the Cypriot authorities approved the transfer of 30% of Noble Cyprus' rights in the production sharing contract dated October 24, 2008 ("the Production Sharing Contract"), which grants oil and/or gas exploration, appraisal, development and production rights in the exclusive economic zone of the Republic of Cyprus known as Block 12 ("Block 12") and in the exploration license under the PSC (in this section below: "the Exploration License").

On November 7, 2019, the holders of rights in the PSC and the Cyprus government signed an amendment to the PSC ("the Amendment to the Production Sharing Contract") and in parallel, the rights holders were granted rights to an exploitation license (in this section 1.7.6: "the License" or "the Exploitation License" or "Block 12 License") and a development and production plan was approved for the reservoir (in this section 1.7.6: "The Development Plan"), as described in section 1.7.6(L) below. The Production Sharing Contract and the Amendment to the Production Sharing Contract will be referred to as: "the PSC".

(C) General information about Block 12

General information about the oil asset	
Name of oil asset	Block 12
Location	An offshore area in the exclusive economic zone of Cyprus 35 km north west of Leviathan reservoir ⁸⁴
Area	386 sq. km
Type of oil asset and description of permitted operations according to the type	Exploitation license granted subject to the PSC.
Original grant date of the oil asset	November 7, 2019
Original expiry date of the oil asset	November 7, 2044
Decision date for extension of the term of the oil asset	-
Current expiry date of the oil asset	November 7, 2044 (25 years from the license grant

⁸⁴ It should be noted that most of the Aphrodite reservoir is located in the exclusive economic zone of Cyprus, and a small part in the license area of the 370/Ishai field in the exclusive economic zone of Israel. As at the approval date of the report, the Israeli and Cypriot governments are negotiating to regulate the rights of the parties in the Aphrodite reservoir. At the same time, the Aphrodite reservoir partners were contacted by the Yishai license partners and the Ministry of Energy regarding the need to regulate the rights of these parties prior to adoption of a resolution on the development of the Aphrodite reservoir. The position of the Aphrodite partners is that the matter is within the government's authority and that they will act according to the mechanism for regulation of the rights of the parties as shall be decided by the government and in accordance with international law.