

**Delek Royalties (2012) Ltd.**  
(The Company)

January 10, 2020

For the attention of  
The Securities Authority  
22, Kanfei Nesharim Street  
Jerusalem

For the attention of  
The Tel-Aviv Stock Exchange Ltd.  
2, Achuzat Bayit Street  
Tel-Aviv

Ladies and gentlemen,

Further to what is stated in the immediate report in connection with the appraisal of reserves and discounted cash flows from the Tamar Project as of 31.12.2018, which was published on 6.3.2019 (Document No.: 2019-01-019723) (hereinafter: "**The Previous Reserves Report**"), which includes the Tamar Reserve and the South-West Tamar Reserve (hereinafter: "**SW Tamar**"), which is in the area of the I/12 Tamar holding (hereinafter and above: "**The Tamar Project**" and "**The Tamar Holding**", respectively), the Company is honored to present reserves and discounted cash flows report for the Tamar Project, as of 31.12.2019, as detailed below.

A. Quantitative data

In accordance with a report that Delek Drillings – Limited Partnership (hereinafter: "**The Partnership**") from Netherland, Sewell & Associates Inc. (hereinafter: "**NSAI**" or "**The Appraiser**"), which was published by the Partnership on 10.1.2020 (Document No.: 2020-01-004515) (hereinafter: "**The Partnership Report**"), and which was prepared in accordance with the principles of the Petroleum Resources Management System (SPE-PRMS), as of 31.12.2019 (hereinafter: "**NSAI's Reserves Report**", the natural gas and condensates reserves in the Tamar Project (which includes, as mentioned above, the Tamar Reserve and the SW Tamar Reserve<sup>1</sup>), which are classified as reserved on production, are as follows:

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<sup>1</sup> The resources that are included in the Tamar SW Reserve, which are detailed in this Report, do not include the part of the reserve, which overflows into the area of the 353/"Eran" license. See Section 3 of the quarterly report, which was published by the Company on 26.5.2019 (Document No. 2019-01-050902) for additional details.

Reserve categories	Total (100%) of the petroleum asset						Total (Tamar and Tamar SW reserves) The share attributed to the holders of the capital rights in the Company (net) <sup>2</sup>	
	Tamar reserve		Tamar SW reserve		Total (Tamar and Tamar SW reserves)		Natural gas BCF	Condensate Million barrels
	Natural gas BCF	Condensate Million barrels	Natural gas BCF	Condensate Million barrels	Natural gas BCF	Condensate Million barrels	Natural gas BCF	Condensate Million barrels
Proved reserves 1P	6,944.5	9.0	796.4	1.0	7,741.0	10.1	108.5	0.14
Probable reserves	2,871.0	3.7	159.1	0.2	3,030.1	3.9	42.5	0.05
Total type 2P reserves (Proved+ probable reserves)	9,815.5	12.8	955.6	1.2	10,771.1	14.0	151	0.19
Possible reserves	2,366.0	3.1	102.2	0.1	2,468.3	3.2	34.6	0.05
Total type 3P reserves (Proved + Probable + Possible reserves)	12,181.6	15.8	1,057.8	1.4	13,239.4	17.2	185.6	0.24

**Caution – Possible reserves are additional reserves that are not expected to be produced to the same degree as the probable reserves. There is a chance of 10% that the quantities that will actually be produced will be equal to or higher than the quantity of the proved reserves, with the addition of the quantities of the probable reserves and with the addition of the quantities in the possible reserves.**

<sup>2</sup> The Company's share, which is presented in the above table reflects the rate of the royalty that the Company is entitled to receive from the Partnership and from Tamar Petroleum Ltd. (hereinafter, together: "**The Payers of the Royalties**") after the time of the return of the investment (4.875%), which is multiplied by the rate of the payers of the royalties rights in the Tamar Holding (a joint total of 31.25%), under the assumption that the calculation of the value of the Company's royalties, at the wellhead, will be executed in accordance with the rate of royalties payable to the state – of 11.5% (see Section 8.2 of the Company's periodic report as of 31.12.2018, which was published on 25.3.2019 (Document No.: 2019-01-024348) (hereinafter: "**The Periodic Report**") for additional details regarding the manner of the calculation of the royalties to the state. See Sections 8.2 and 8.3 to the periodic report and Note 4D to the financial statements as of 30.09.2019 (hereinafter: "**The Q3 Quarterly Report**"), which is included in the Company's quarterly report, which was published on 25.11.2019 (Document No.: 2019-01-101784) for details regarding the time of the return of the investment and dispute relating thereto.

- B. In INSAI's reserves report NSAI notes, inter alia, a number of assumptions and qualifications in the reserves report, including that: (a) the appraisals, as is customary in the appraisal of reserves in accordance with the principles of the Petroleum Resources Management System (SPE-PRMS) are not risk adjusted; (b) NSAI did not visit the petroleum field and it did not check the mechanical operation of the facilities and the wells or their state; (c) NSAI did not examine possible exposures deriving from environmental matters. However, NSAI noted that as of the time of NSAI's reserves report, it was not aware of a possible indebtedness in relation to environmental matters that might have a significant impact on the quantity of the reserves that is estimated in NSAI's reserves report or on their commerciality, and accordingly it has not recorded the costs that might derive from such an indebtedness in the reserves report; (d) NSAI has assumed that the reserves will be developed in accordance with the existing development plans, which will be operated reasonably, that no regulation or governmental supervision will be set, which will affect the holders of the rights' ability to produce the reserves, and that its forecasts in relation to the future production will be similar to the actual functioning of the reserves.

**Caution in respect of forward looking information – NSAI's assessments regarding the quantities of the national gas and condensates in the Tamar and Tamar SW reserves is forward looking information within the meaning of that term in the Securities Law, 5728 – 1968 (hereinafter: "The Securities Law"). The Partnership in the Tamar Project's abovementioned assessments are based, inter alia, on geological, geophysical, engineering and other information, which has been received from the wells and from the operator in the Tamar Project, and they are only assessments and estimates by NSAI, in respect of which there is no certainty. The quantities of the natural gas and/or the condensate that may actually be produced may be different from the Partnership in the Tamar Project's abovementioned assessments and estimates, inter alia, as a result of the operational and technical conditions and/or from regulatory changes and/or from the supply and demand conditions in the natural gas and/or in the condensates market and/or from the commercial conditions and/or as a result of the reserve's actual performance. The Partnership in the Tamar Project's abovementioned estimates and assessments may be updated if additional information accumulated and/or as a result of an array of factors, which are connected to petroleum and natural gas exploration and production projects, including as a result of the continuance of the production from the Tamar Project.**

- C. Discounted cash flow data

**The Company does not hold rights in the Tamar Project, from which it is entitled to royalties, directly, and the Company has not influence on the manner of the management of the Tamar Project. Accordingly, the Company has limited access to non-public information regarding the Tamar reserve, which also includes the documentation regarding the supply of natural gas and condensate from the Tamar Project, and the discounted cash flow data that have been published by the partners in the Tamar Project, up to the time of the publication of this report, including discounted cash flow data that have been published by the payers of the royalties.**

In relation to the calculation of the discounted cash flows, which are detailed below, it should be mentioned as follows:

**(a)** The discounted cash flows have been calculated, inter alia, based on the weighted average of the gas and concentrate prices in the existing agreements for the sale of gas, which are based on various pricing formula, which include, inter alia, linkage to the American Consumer Prices Index (U.S. CPI), to the price of a barrel of Brent type petroleum or to the electricity generation tariff<sup>3</sup>. It should be mentioned that a change in the prices could arise, inter alia, as a result of the adjustment of the price in accordance with a mechanism that has been determined in the agreement with the Israel Electricity Corporation Ltd. (hereinafter: "**The Electricity Corporation**")<sup>4</sup>, in the agreement covering exporting from the Tamar Project to Dolphinus Holdings Limited (hereinafter: "**The Dolphinus Agreement**")<sup>5</sup> as well as changes in the indices on which the linkages are based in the gas supply agreements. It has been assumed within the context of the discounted cash flows that there will be a reduction of 25% in the price in the agreement with the Electricity Corporation at the time of the first adjustment (i.e. on July1, 2021) and that no change will occur in the price at the time of the second adjustment (i.e. on July1,2024). See the sensitivity tables in Sections D and G below for details regarding changes in the discounted cash flows as a result of a price change, including as a result of a change in the rate of the adjustment of the price as aforesaid.

It should be clarified that the said sensitivity analyses have been prepared based on the assumption of the reduction in price, as stated above. It should further be mentioned that no price change as a result of the petition for the approval of a class action, which has been submitted by one of the Electricity Corporation's consumers against the partners in the Tamar Project, as detailed in Note 7A to the financial statements, Chapter C of the periodic report and Note 4C to the financial statements, which are included in the Q3 quarterly report, has been taken into account.

In the assessment of the payers of the royalties' legal advisors, the chances of the petition for the approval being accepted are less than 50%. As mentioned above, the parties are located at the stage of the hearing of the petition for the approval of the class action.

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<sup>3</sup> The weighted electricity generation tariff (hereinafter: "**The Electricity Generation Tariff**") is a tariff that is supervised by the Electricity Authority, and reflects the Electricity Corporation's costs from the segmental cost of the production of electricity, which includes the Electricity Corporation's fuel costs, capital costs and operating costs, which are attributed to the generation segment and the cost of the purchasing electricity from private electricity generators.

<sup>4</sup> Two timings are determined in the agreement with the Electricity Corporation, at which each party is entitled to request the adjustment of the price (in accordance with a mechanism that is set in the agreement), if that party is of the opinion that the price that has been set in the agreement is no longer appropriate for a long-term contract with an anchor purchaser for the consumption of natural gas for use in the Israeli market: on the passage of 8 years and of 11 years from the time of the start of commercial operations (as defined in the agreement, as from July 1, 2013) from the Tamar Project (i.e. July 1, 2021 and July 1, 2024, respectively). At the first time for adjustment (July 1, 2021– after 8 years), the adjustment that will be made to the price may be in the range of up to 25% (increase or reduction) and at the second time for adjustment (July 1, 2024 – after 11 years), the adjustment that will be made to the price may be in the range of up to 10% (increase or reduction).

<sup>5</sup> The Dolphinus agreement includes a mechanism for adjusting the price by a rate of up to 10% (increase or reduction) after the fifth year and after the tenth year of the agreement, if certain conditions are met, which are determined in the agreement. It should be mentioned that no such price adjustments at those times have been assumed.

If a final and absolute decision is made within the framework of the acceptance of the said class action (i.e. after the petition for the approval of the class action (insofar as it may be accepted) and an absolute decision is made on the body of the class action (insofar as it may be accepted), this may have a significant adverse impact on the prices at which the partners in the Tamar Project will sell natural gas to their customers, the extent of which will be determined from the results of the action and as a result of this, the adverse impact on the Company's business, including the discounted cash flow data. The data regarding the gas and Brent prices, as aforesaid, have been provided to NSAI by the partnership<sup>6</sup>;

- (b)** The forecast for demand in the local market in Israel, in which use has been made by the partners in the Tamar Project in support of an assessment of the future extent of the forecast sales of the natural gas to the local market in Israel, have been made by the external consultants – the BDO Consulting Group;
- (c)** The discounted cash flows have been calculated based on a price for condensate that is based on the price of Brent crude and adjusted for differences in quality, transportation costs and the price at which condensate is sold in the region;
- (d)** The tax rates for companies in accordance with the law have been taken into account in the calculations of the tax;
- (e)** The pace of the actual production for each of the future categories that are detailed above may be lower or higher than the pace of the production that has been used for the purpose of the calculation of the cash flows. Furthermore, NSAI has not conducted a sensitivity analysis in relation to the pace of production from the wells;
- (f)** Forecast quantities for sale in each of the years of the project have been assumed in the discounted cash flows based on the production capacity from the wells<sup>7</sup> and on assessments in respect of the extent of the demand in the local market in each of the years of the project<sup>8</sup>;
- (g)** It has been assumed in the calculation of the cash flows that the income from the export of gas to the local markets in Egypt and in Jordan will be at a cumulative volume of approximately 50 BCM up to the year 2040, inter alia, based on the Company's forecasts for exports to Egypt and to Jordan, as detailed in Section 12.2 of the periodic report and in the Company's immediate report of 2.10.2019 (Document No.: 2019-01-084909);
- (h)** The manner of the calculation of the market value at the wellhead of the royalties that are paid by the payers of the royalties to the Company, has been done by them in accordance with the same principles in accordance with which the royalties to the state have been calculated.

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<sup>6</sup> For the purposes of the calculation of the prices forecast, the payers of the royalties have made use of assumptions, which are based on data that have been received from a consultancy company, which are based on the weighting of data from a number of public and private bodies: (1) an annual increase in the American Consumer Prices Index (US CPI) at an average rate of approximately 2% a year; (2) a price of a barrel of Brent petroleum of approximately 61 Dollars a barrel in 2020, rising to approximately 75 Dollars a barrel in 2025, and to approximately 91 Dollars a barrel in 2030, and a gradual increase of approximately 2.8% a year thereafter; (3) the forecast electricity generation tariff is based, inter alia, on a forecast of the Shekel – Dollar exchange rate, and on a forecast of the fuel cost, based on the gas price for the Electricity Corporation.

<sup>7</sup> The current ability to supply the gas from the Tamar Project to Israel National Gas Lines' transportation system stands at approximately 1.1 BCF a day at maximal output.

<sup>8</sup> It should be mentioned that in the assessment of the partners in the Tamar Project, natural gas from the Tamar reservoir in a quantity of approximately 10.4 BCF and approximately 480 thousand barrels of condensate were sold in 2019.

An estimate by the payers of the royalties has been taken into account in the calculation of the discounted cash flows, regarding the actual rate of the royalties to the state, which will be paid to the state by the payers of the royalties, at a rate of 11.5%, and accordingly, the assumption in the cash flows is that the rate of the royalties that will be paid to the Company will stand at 4.485%. It should be mentioned that as of the time of the publication of this report, the partners in the Tamar Project are holding discussions with the Ministry of Energy in respect of the manner of the calculation of the actual rate of the royalties that will be paid by the payers of the royalties to the State. Accordingly, the actual rate of the royalties that will be paid to the Company is not final and may change, and there is no certainty that the partners in the Tamar Project will succeed in negotiations and/or in legal proceedings for the setting of a lower royalties rate in the future. See Section 1.A.8.2 of the periodic report for additional details on this matter and also regarding arrangements between the parties until the completion of the said discussions.

- (i)** A levy on petroleum profits (hereinafter: "**The levy**") has been taken into account in the calculation of the discounted cash flow, which will apply to the Company pursuant to the provisions of the Law for the Taxation of Profits from Natural Resources, 5771 – 2011 (hereinafter: "**The Law**"). Pursuant to the Law, the levy that will apply to the Company will be charged at the levy rate that has been set for the payers of the royalties. This charge will be executed by means of a deduction at source by the payers of the royalties. The payers of the royalties' calculations have been made in accordance with the transition provisions that have been set in the Law regarding a project, where the time of the start of the commercial production is from the start of the applicability of the law and up to January 1, 2014, and based on the following assumptions: the project will elect to report in Dollars pursuant to Section 13(B) of the Law, all of the project's payments (production costs, operating costs (as detailed in sub-section (j) below), the capital expenses (as detailed in sub-section (k) below, and royalties that have been paid and etcetera) will be recognized by the tax authorities for the purposes of the calculation of the levy and also that the actual selling prices of the gas will be taken into account for the purpose of the calculation of the project's income. It should be mentioned that it should be emphasized that the calculations of the levy have been made in accordance with the definitions, the formulae and the mechanism that have been defined in the law, as the Company and the payers of the royalties understand and interpret them and which have found expression in the Tamar Project's reports to the Taxes Authority. However, in light of the innovation in the law and the complexity of the formulae for the calculation and the various mechanisms that are defined in it, there is no surety that this interpretation of the manner of the calculation of the levy will be identical to the that which is adopted by the Taxes Authority and/or to the interpretation of the Law by the court. It should be mentioned that, to the best of the Company's knowledge, as of the time of the publication of this report, a number of disputes are being clarified regarding interpretation in relation to the implementation of the Law in the Tamar Project's reports to the Taxes Authority, within the framework of the objection and appeal processes that are set in the Law. The issues that are the subject of these disputes have not yet been discussed in case law from the courts in Israel;

**(j)** The operating costs that have been taken into account are the costs that have been provided to NSAI by the Partnership. These costs include direct costs at the level of the project, insurance costs, maintenance costs for the production wells, as well as the operator's estimated overhead expenses and administrative and general expenses, which are attributable directly to project and which together constitute the Project's operating costs.

These costs are divided into expenses at the level of the field and expenses for a production unit. These costs are not adjusted for inflationary changes. The operating costs that have been provided to NSAI by the Partnership appear to them to be reasonable, based, inter alia, on additional information that NSAI has from similar projects;

**(k)** The capital expenses that have been taken into account for the purpose of the preparation of the discounted cash flows are in an amount that exceeds the costs that have been approved by the Partnership, and also includes a costs estimate for future expenses that will be expended in the course of the production for the purpose of preserving and expanding the production capacity. The capital expenses that have been taken into account are capital expenses that may be required, including drilling, development and connection of new wells, the laying of infrastructure and additional production equipment. The capital expenses that have been provided to NSAI seem reasonable to them, based, inter alia, on the development plan for the Tamar Project and on previous experience that NSAI has from similar projects, and they have not been adjusted for inflationary changes;

**(l)** Expenses and investments that have been paid and which are expected to be paid by the payers of the royalties as from 1.1.2020 have been taken into account in the calculation of the cash flows;

**(m)** The income deriving from sales of natural gas and condensate that have been produced as from 1.1.2020 have been taken into account in the calculation of the cash flows. It should be clarified that the income that have been received in 2020 in respect of sales of natural gas and condensate that were produced in 2019 have not been taken into account in the calculation of the cash flows.

It should be mentioned that the Company's discounted cash flows have been updated by comparison to the previous cash flows for the following main reasons:

1. The updating of the forecast selling prices (natural gas and condensate) for the following reasons: (a) the updating of the forecast electricity generation tariff, the American Consumer Prices Index and the price of a Barrel of Brent type petroleum; (b) the updating of the forecast prices for customers in the local and export markets; (c) the updating of the forecast of the price adjustment rate in the agreement with the Electricity Corporation.
2. The forecasts regarding the quantities that will be sold in each and every year of the Tamar Project, to both the local and the export markets.

In accordance with the various assumptions of which the main ones have been detailed above, the following is the estimate of the discounted cash flow as of December 31, 2019, in thousands of Dollars (after the levy and corporate income tax), which are attributed to the Company's income from royalties, from the reserves in the Tamar Project, for each of the categories of reserves that are detailed above:

**Total cash flows for the Company's income from royalties from 1P proved reserves as of 31.12.2019 (in thousands of Dollars)**

**Components of the cash flows**

<u>Up to</u>	<u>Quantity of sales of condensate (in thousands of barrels) (100% of the petroleum asset)</u>	<u>Quantity of sales (BCM) (100% of the petroleum asset)</u>	<u>Income from royalties</u>	<u>Taxes</u>		<u>Total discounted cash flows after tax</u>					
				<u>Levy</u>	<u>Income tax</u>	<u>Discounted at 0%</u>	<u>Discounted at 5%</u>	<u>Discounted at 7.5%<sup>9</sup></u>	<u>Discounted at 10%</u>	<u>Discounted at 15%</u>	<u>Discounted at 20%</u>
<b>31.12.2020</b>	427	9.30	24,179	824	3,893	19,463	18,994	18,771	18,557	18,149	17,767
<b>31.12.2021</b>	409	8.90	22,037	5,334	2,446	14,256	13,250	12,791	12,357	11,560	10,845
<b>31.12.2022</b>	459	10.00	24,819	7,527	2,451	14,841	13,137	12,386	11,694	10,464	9,408
<b>31.12.2023</b>	489	10.65	27,172	9,978	2,372	14,822	12,495	11,507	10,617	9,088	7,830
<b>31.12.2024</b>	489	10.66	27,719	12,082	2,053	13,584	10,906	9,810	8,846	7,242	5,980
<b>31.12.2025</b>	489	10.65	28,228	13,210	1,912	13,105	10,020	8,804	7,758	6,076	4,808
<b>31.12.2026</b>	489	10.65	28,537	13,355	1,950	13,231	9,636	8,269	7,121	5,334	4,045
<b>31.12.2027</b>	535	11.65	31,737	14,853	2,197	14,687	10,186	8,538	7,186	5,149	3,742
<b>31.12.2028</b>	535	11.65	32,052	15,000	2,236	14,816	9,787	8,012	6,590	4,517	3,146
<b>31.12.2029</b>	535	11.65	32,326	15,128	2,269	14,928	9,391	7,510	6,036	3,957	2,641
<b>31.12.2030</b>	535	11.65	32,711	15,309	2,316	15,086	9,038	7,060	5,546	3,477	2,224
<b>31.12.2031</b>	535	11.65	33,047	15,466	2,357	15,224	8,687	6,627	5,088	3,051	1,870
<b>31.12.2032</b>	535	11.65	33,491	15,674	2,411	15,405	8,372	6,238	4,680	2,685	1,577
<b>31.12.2033</b>	534	11.63	33,886	15,859	2,463	15,565	8,055	5,863	4,299	2,359	1,328
<b>31.12.2034</b>	512	11.15	32,875	15,386	2,409	15,081	7,433	5,285	3,787	1,988	1,072
<b>31.12.2035</b>	390	8.49	25,289	11,835	1,865	11,588	5,440	3,777	2,645	1,328	687
<b>31.12.2036</b>	326	7.11	21,456	10,041	1,596	9,818	4,389	2,977	2,037	978	485
<b>31.12.2037</b>	306	6.67	20,318	9,509	1,521	9,289	3,955	2,620	1,752	805	382
<b>31.12.2038</b>	247	5.39	16,576	7,758	1,248	7,570	3,070	1,986	1,298	570	260
<b>31.12.2039</b>	235	5.11	15,908	7,445	1,207	7,256	2,802	1,771	1,131	475	207
<b>31.12.2040</b>	226	4.93	15,506	7,257	1,184	7,065	2,599	1,604	1,001	403	168

<sup>9</sup> The discount rate of 7.5% has been done by the Company for the purposes of the calculations and as an ancillary tool for the investor.



**Total cash flows for the Company's income from royalties from 1P proved reserves as of 31.12.2019 (in thousands of Dollars)**

**Components of the cash flows**

<u>Up to</u>	<u>Quantity of sales of condensate (in thousands of barrels) (100% of the petroleum asset)</u>	<u>Quantity of sales (BCM) (100% of the petroleum asset)</u>	<u>Income from royalties</u>	<u>Taxes</u>		<u>Total discounted cash flows after tax</u>					
				<u>Levy</u>	<u>Income tax</u>	<u>Discounted at 0%</u>	<u>Discounted at 5%</u>	<u>Discounted at 7.5%</u>	<u>Discounted at 10%</u>	<u>Discounted at 15%</u>	<u>Discounted at 20%</u>
31.12.2041	218	4.74	15,064	7,050	1,157	6,857	2,402	1,448	883	340	136
31.12.2042	211	4.59	14,740	6,898	1,139	6,702	2,236	1,317	785	289	111
31.12.2043	206	4.49	14,570	6,819	1,133	6,618	2,103	1,210	705	248	91
31.12.2044	130	2.83	9,279	4,343	726	4,211	1,274	716	408	137	48
31.12.2045	63	1.37	4,547	2,128	358	2,061	594	326	181	58	20
31.12.2046	-	-	-	-	-	-	-	-	-	-	-
31.12.2047	-	-	-	-	-	-	-	-	-	-	-
31.12.2048	-	-	-	-	-	-	-	-	-	-	-
31.12.2049	-	-	-	-	-	-	-	-	-	-	-
31.12.2050	-	-	-	-	-	-	-	-	-	-	-
31.12.2051	-	-	-	-	-	-	-	-	-	-	-
31.12.2052	-	-	-	-	-	-	-	-	-	-	-
31.12.2053	-	-	-	-	-	-	-	-	-	-	-
31.12.2054	-	-	-	-	-	-	-	-	-	-	-
31.12.2055	-	-	-	-	-	-	-	-	-	-	-
31.12.2056	-	-	-	-	-	-	-	-	-	-	-
31.12.2057	-	-	-	-	-	-	-	-	-	-	-
31.12.2058	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10,064</b>	<b>219</b>	<b>618,067</b>	<b>266,067</b>	<b>48,869</b>	<b>303,131</b>	<b>190,251</b>	<b>157,225</b>	<b>132,991</b>	<b>100,728</b>	<b>80,878</b>

**Total cash flows for the Company's income from royalties from probable reserves as of 31.12.2019 (in thousands of Dollars)**

<b>Components of the cash flows</b>												
<b>Up to</b>	<b>Quantity of sales of condensate (in thousands of barrels) (100% of the petroleum asset)</b>	<b>Quantity of sales (BCM) (100% of the petroleum asset)</b>	<b>Income from royalties</b>	<b>Taxes</b>		<b>Total discounted cash flows after tax</b>						
				<b>Levy</b>	<b>Income tax</b>	<b>Discounted at 0%</b>	<b>Discounted at 5%</b>	<b>Discounted at 7.5%<sup>10</sup></b>	<b>Discounted at 10%</b>	<b>Discounted at 15%</b>	<b>Discounted at 20%</b>	
31.12.2020	-	-	-	-	-	-	-	-	-	-	-	-
31.12.2021	-	-	-	143	(33)	(110)	(102)	(98)	(95)	(89)	(83)	(83)
31.12.2022	-	-	-	506	(116)	(390)	(345)	(325)	(307)	(275)	(247)	(247)
31.12.2023	-	-	-	816	(188)	(628)	(530)	(488)	(450)	(385)	(332)	(332)
31.12.2024	-	-	-	588	(135)	(453)	(363)	(327)	(295)	(241)	(199)	(199)
31.12.2025	-	-	-	-	-	-	-	-	-	-	-	-
31.12.2026	-	-	-	-	-	-	-	-	-	-	-	-
31.12.2027	-	-	-	-	-	-	-	-	-	-	-	-
31.12.2028	-	-	-	-	-	-	-	-	-	-	-	-
31.12.2029	-	-	-	-	-	-	-	-	-	-	-	-
31.12.2030	-	-	-	-	-	-	-	-	-	-	-	-
31.12.2031	-	-	-	-	-	-	-	-	-	-	-	-
31.12.2032	-	-	-	-	-	-	-	-	-	-	-	-
31.12.2033	1	0.02	58	27	7	24	12	9	7	4	2	2
31.12.2034	23	0.50	1,474	690	180	604	298	212	152	80	43	43
31.12.2035	145	3.16	9,412	4,405	1,152	3,855	1,810	1,257	880	442	228	228
31.12.2036	208	4.54	13,699	6,411	1,676	5,612	2,509	1,702	1,164	559	277	277

<sup>10</sup> The discount rate of 7.5% has been done by the Company for the purposes of the calculations and as an ancillary tool for the investor.

**Total cash flows for the Company's income from royalties from probable reserves as of 31.12.2019 (in thousands of Dollars)**

**Components of the cash flows**

<u>Up to</u>	<u>Quantity of sales of condensate (in thousands of barrels) (100% of the petroleum asset)</u>	<u>Quantity of sales (BCM) (100% of the petroleum asset)</u>	<u>Income from royalties</u>	<u>Taxes</u>		<u>Total discounted cash flows after tax</u>					
				<u>Levy</u>	<u>Income tax</u>	<u>Discounted at 0%</u>	<u>Discounted at 5%</u>	<u>Discounted at 7.5%</u>	<u>Discounted at 10%</u>	<u>Discounted at 15%</u>	<u>Discounted at 20%</u>
31.12.2037	229	4.98	15,169	7,099	1,856	6,214	2,646	1,753	1,172	538	256
31.12.2038	287	6.26	19,250	9,009	2,355	7,886	3,198	2,069	1,352	594	270
31.12.2039	300	6.54	20,359	9,528	2,491	8,340	3,221	2,036	1,300	546	238
31.12.2040	309	6.72	21,134	9,891	2,586	8,657	3,184	1,966	1,227	493	206
31.12.2041	317	6.91	21,959	10,277	2,687	8,995	3,151	1,900	1,159	446	178
31.12.2042	310	6.76	21,707	10,159	2,656	8,892	2,967	1,747	1,042	383	147
31.12.2043	229	4.99	16,192	7,578	1,981	6,633	2,107	1,212	706	248	91
31.12.2044	241	5.25	17,214	8,056	2,106	7,052	2,134	1,199	683	230	81
31.12.2045	281	6.12	20,270	9,487	2,480	8,304	2,393	1,313	731	235	79
31.12.2046	329	7.17	24,006	11,235	2,937	9,834	2,699	1,447	787	242	78
31.12.2047	303	6.60	22,330	10,450	2,732	9,147	2,391	1,252	665	196	61
31.12.2048	255	5.56	19,009	8,896	2,326	7,787	1,939	991	515	145	43
31.12.2049	130	2.83	9,778	4,576	1,196	4,005	950	474	241	65	18
31.12.2050	41	0.88	3,080	1,442	377	1,262	285	139	69	18	5
31.12.2051	-	-	-	-	-	-	-	-	-	-	-
31.12.2052	-	-	-	-	-	-	-	-	-	-	-
31.12.2053	-	-	-	-	-	-	-	-	-	-	-
31.12.2054	-	-	-	-	-	-	-	-	-	-	-
31.12.2055	-	-	-	-	-	-	-	-	-	-	-
31.12.2056	-	-	-	-	-	-	-	-	-	-	-
31.12.2057	-	-	-	-	-	-	-	-	-	-	-
31.12.2058	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,939</b>	<b>86</b>	<b>276,101</b>	<b>131,268</b>	<b>33,312</b>	<b>111,522</b>	<b>36,552</b>	<b>21,438</b>	<b>12,704</b>	<b>4,474</b>	<b>1,442</b>

**Total cash flows for the Company's income from royalties from type 2P reserves (proved reserves + probable reserves) as of 31.12.2019 (in thousands of Dollars)**

<b>Components of the cash flows</b>											
<b>Up to</b>	<b>Quantity of sales of condensate (in thousands of barrels) (100% of the petroleum asset)</b>	<b>Quantity of sales (BCM) (100% of the petroleum asset)</b>	<b>Taxes</b>			<b>Total discounted cash flows after tax</b>					
			<b>Income from royalties</b>	<b>Levy</b>	<b>Income tax</b>	<b>Discounted at 0%</b>	<b>Discounted at 5%</b>	<b>Discounted at 7.5%<sup>11</sup></b>	<b>Discounted at 10%</b>	<b>Discounted at 15%</b>	<b>Discounted at 20%</b>
<b>31.12.2020</b>	427	9.30	24,179	824	3,893	19,463	18,994	18,771	18,557	18,149	17,767
<b>31.12.2021</b>	409	8.90	22,037	5,477	2,413	14,147	13,148	12,692	12,262	11,471	10,762
<b>31.12.2022</b>	459	10.00	24,819	8,033	2,335	14,451	12,792	12,061	11,387	10,190	9,161
<b>31.12.2023</b>	489	10.65	27,172	10,794	2,185	14,193	11,965	11,019	10,167	8,703	7,498
<b>31.12.2024</b>	489	10.66	27,719	12,670	1,918	13,131	10,543	9,483	8,551	7,001	5,781
<b>31.12.2025</b>	489	10.65	28,228	13,210	1,912	13,105	10,020	8,804	7,758	6,076	4,808
<b>31.12.2026</b>	489	10.65	28,537	13,355	1,950	13,231	9,636	8,269	7,121	5,334	4,045
<b>31.12.2027</b>	535	11.65	31,737	14,853	2,197	14,687	10,186	8,538	7,186	5,149	3,742
<b>31.12.2028</b>	535	11.65	32,052	15,000	2,236	14,816	9,787	8,012	6,590	4,517	3,146
<b>31.12.2029</b>	535	11.65	32,326	15,128	2,269	14,928	9,391	7,510	6,036	3,957	2,641
<b>31.12.2030</b>	535	11.65	32,711	15,309	2,316	15,086	9,038	7,060	5,546	3,477	2,224
<b>31.12.2031</b>	535	11.65	33,047	15,466	2,357	15,224	8,687	6,627	5,088	3,051	1,870
<b>31.12.2032</b>	535	11.65	33,491	15,674	2,411	15,405	8,372	6,238	4,680	2,685	1,577
<b>31.12.2033</b>	535	11.65	33,945	15,886	2,470	15,589	8,068	5,872	4,305	2,363	1,330
<b>31.12.2034</b>	535	11.65	34,349	16,076	2,589	15,685	7,731	5,496	3,938	2,067	1,115
<b>31.12.2035</b>	535	11.65	34,701	16,240	3,017	15,444	7,250	5,034	3,525	1,770	915
<b>31.12.2036</b>	535	11.65	35,155	16,452	3,272	15,430	6,898	4,679	3,202	1,538	762
<b>31.12.2037</b>	535	11.65	35,487	16,608	3,377	15,502	6,601	4,373	2,924	1,343	638
<b>31.12.2038</b>	535	11.65	35,826	16,767	3,603	15,456	6,268	4,055	2,651	1,165	530

<sup>11</sup> The discount rate of 7.5% has been done by the Company for the purposes of the calculations and as an ancillary tool for the investor.

31.12.2039	535	11.65	36,267	16,973	3,698	15,596	6,023	3,807	2,431	1,022	446
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Total cash flows for the Company's income from royalties from type 2P reserves (proved reserves + probable reserves) as of 31.12.2019 (in thousands of Dollars)											
Components of the cash flows											
Up to	Quantity of sales of condensate (in thousands of barrels) (100% of the petroleum asset)	Quantity of sales (BCM) (100% of the petroleum asset)	Income from royalties	Taxes		Total discounted cash flows after tax					
				Levy	Income tax	Discounted at 0%	Discounted at 5%	Discounted at 7.5%	Discounted at 10%	Discounted at 15%	Discounted at 20%
31.12.2040	535	11.65	36,640	17,147	3,770	15,723	5,783	3,570	2,228	896	374
31.12.2041	535	11.65	37,023	17,327	3,844	15,852	5,553	3,348	2,042	785	315
31.12.2042	521	11.35	36,447	17,057	3,795	15,595	5,203	3,064	1,827	672	258
31.12.2043	435	9.48	30,761	14,396	3,114	13,251	4,210	2,422	1,411	496	183
31.12.2044	371	8.08	26,494	12,399	2,832	11,263	3,408	1,915	1,090	367	129
31.12.2045	344	7.49	24,817	11,614	2,838	10,365	2,987	1,639	912	294	99
31.12.2046	329	7.17	24,006	11,235	2,937	9,834	2,699	1,447	787	242	78
31.12.2047	303	6.60	22,330	10,450	2,732	9,147	2,391	1,252	665	196	61
31.12.2048	255	5.56	19,009	8,896	2,326	7,787	1,939	991	515	145	43
31.12.2049	130	2.83	9,778	4,576	1,196	4,005	950	474	241	65	18
31.12.2050	41	0.88	3,080	1,442	377	1,262	285	139	69	18	5
31.12.2051	-	-	-	-	-	-	-	-	-	-	-
31.12.2052	-	-	-	-	-	-	-	-	-	-	-
31.12.2053	-	-	-	-	-	-	-	-	-	-	-
31.12.2054	-	-	-	-	-	-	-	-	-	-	-
31.12.2055	-	-	-	-	-	-	-	-	-	-	-
31.12.2056	-	-	-	-	-	-	-	-	-	-	-
31.12.2057	-	-	-	-	-	-	-	-	-	-	-
31.12.2058	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14,002</b>	<b>305</b>	<b>894,168</b>	<b>397,335</b>	<b>82,180</b>	<b>414,653</b>	<b>226,803</b>	<b>178,664</b>	<b>145,694</b>	<b>105,202</b>	<b>82,321</b>

**Total cash flows for the Company's income from royalties from possible reserves as of 31.12.2019 (in thousands of Dollars)**

**Components of the cash flows**

<u>Up to</u>	<u>Quantity of sales of condensate (in thousands of barrels) (100% of the petroleum asset)</u>	<u>Quantity of sales (BCM) (100% of the petroleum asset)</u>	<u>Income from royalties</u>	<u>Taxes</u>		<u>Total discounted cash flows after tax</u>					
				<u>Levy</u>	<u>Income tax</u>	<u>Discounted at 0%</u>	<u>Discounted at 5%</u>	<u>Discounted at 7.5%<sup>12</sup></u>	<u>Discounted at 10%</u>	<u>Discounted at 15%</u>	<u>Discounted at 20%</u>
31.12.2020	-	-	-	-	-	-	-	-	-	-	-
31.12.2021	-	-	-	-	-	-	-	-	-	-	-
31.12.2022	-	-	-	-	-	-	-	-	-	-	-
31.12.2023	-	-	-	-	-	-	-	-	-	-	-
31.12.2024	-	-	-	27	(6)	(21)	(17)	(15)	(14)	(11)	(9)
31.12.2025	-	-	-	-	-	-	-	-	-	-	-
31.12.2026	-	-	-	-	-	-	-	-	-	-	-
31.12.2027	-	-	-	-	-	-	-	-	-	-	-
31.12.2028	-	-	-	-	-	-	-	-	-	-	-
31.12.2029	-	-	-	-	-	-	-	-	-	-	-
31.12.2030	-	-	-	-	-	-	-	-	-	-	-
31.12.2031	-	-	-	-	-	-	-	-	-	-	-
31.12.2032	-	-	-	-	-	-	-	-	-	-	-
31.12.2033	-	-	-	-	-	-	-	-	-	-	-
31.12.2034	-	-	-	-	-	-	-	-	-	-	-
31.12.2035	-	-	-	-	-	-	-	-	-	-	-
31.12.2036	-	-	-	-	-	-	-	-	-	-	-
31.12.2037	-	-	-	-	-	-	-	-	-	-	-

<sup>12</sup> The discount rate of 7.5% has been done by the Company for the purposes of the calculations and as an ancillary tool for the investor.

**Total cash flows for the Company's income from royalties from possible reserves as of 31.12.2019 (in thousands of Dollars)**

**Components of the cash flows**

<u>Up to</u>	<u>Quantity of sales of condensate (in thousands of barrels) (100% of the petroleum asset)</u>	<u>Quantity of sales (BCM) (100% of the petroleum asset)</u>	<u>Income from royalties</u>	<u>Taxes</u>		<u>Total discounted cash flows after tax</u>					
				<u>Levy</u>	<u>Income tax</u>	<u>Discounted at 0%</u>	<u>Discounted at 5%</u>	<u>Discounted at 7.5%</u>	<u>Discounted at 10%</u>	<u>Discounted at 15%</u>	<u>Discounted at 20%</u>
31.12.2038	-	-	-	-	-	-	-	-	-	-	-
31.12.2039	-	-	-	-	-	-	-	-	-	-	-
31.12.2040	-	-	-	-	-	-	-	-	-	-	-
31.12.2041	-	-	-	-	-	-	-	-	-	-	-
31.12.2042	14	0.30	953	446	117	390	130	77	46	17	6
31.12.2043	99	2.17	7,030	3,290	860	2,880	915	526	307	108	40
31.12.2044	164	3.57	11,694	5,473	1,431	4,790	1,450	814	464	156	55
31.12.2045	191	4.16	13,772	6,445	1,685	5,641	1,626	892	496	160	54
31.12.2046	206	4.48	14,988	7,014	1,834	6,140	1,685	903	491	151	49
31.12.2047	227	4.95	16,737	7,833	2,048	6,856	1,792	938	499	147	46
31.12.2048	232	5.06	17,295	8,094	2,116	7,085	1,764	902	468	132	39
31.12.2049	325	7.08	24,464	11,449	2,993	10,021	2,376	1,187	602	162	46
31.12.2050	382	8.32	29,051	13,596	3,555	11,900	2,687	1,311	650	168	46
31.12.2051	390	8.50	29,969	14,026	3,667	12,277	2,640	1,258	610	150	39
31.12.2052	325	7.08	25,235	11,810	3,088	10,337	2,117	985	467	110	28
31.12.2053	260	5.66	20,399	9,547	2,496	8,356	1,630	741	343	77	19
31.12.2054	195	4.25	15,459	7,235	1,892	6,333	1,176	522	236	51	12
31.12.2055	130	2.83	10,414	4,874	1,274	4,266	755	327	145	30	7
31.12.2056	70	1.52	5,643	2,641	691	2,312	390	165	71	14	3
31.12.2057	-	-	-	-	-	-	-	-	-	-	-
31.12.2058	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,209</b>	<b>70</b>	<b>243,104</b>	<b>113,800</b>	<b>29,740</b>	<b>99,564</b>	<b>23,116</b>	<b>11,535</b>	<b>5,882</b>	<b>1,622</b>	<b>479</b>

**Total cash flows for the Company's income from royalties from type 3P reserves (proved reserves + probable reserves+ possible reserves) as of 31.12.2019  
(in thousands of Dollars)**

**Components of the cash flows**

<u>Up to</u>	<u>Quantity of sales of condensate (in thousands of barrels) (100% of the petroleum asset)</u>	<u>Quantity of sales (BCM) (100% of the petroleum asset)</u>	<u>Income from royalties</u>	<u>Taxes</u>		<u>Total discounted cash flows after tax</u>					
				<u>Levy</u>	<u>Income tax</u>	<u>Discounted at 0%</u>	<u>Discounted at 5%</u>	<u>Discounted at 7.5%<sup>13</sup></u>	<u>Discounted at 10%</u>	<u>Discounted at 15%</u>	<u>Discounted at 20%</u>
<b>31.12.2020</b>	427	9.30	24,179	824	3,893	19,463	18,994	18,771	18,557	18,149	17,767
<b>31.12.2021</b>	409	8.90	22,037	5,477	2,413	14,147	13,148	12,692	12,262	11,471	10,762
<b>31.12.2022</b>	459	10.00	24,819	8,033	2,335	14,451	12,792	12,061	11,387	10,190	9,161
<b>31.12.2023</b>	489	10.65	27,172	10,794	2,185	14,193	11,965	11,019	10,167	8,703	7,498
<b>31.12.2024</b>	489	10.66	27,719	12,697	1,912	13,110	10,526	9,468	8,538	6,990	5,772
<b>31.12.2025</b>	489	10.65	28,228	13,210	1,912	13,105	10,020	8,804	7,758	6,076	4,808
<b>31.12.2026</b>	489	10.65	28,537	13,355	1,950	13,231	9,636	8,269	7,121	5,334	4,045
<b>31.12.2027</b>	535	11.65	31,737	14,853	2,197	14,687	10,186	8,538	7,186	5,149	3,742
<b>31.12.2028</b>	535	11.65	32,052	15,000	2,236	14,816	9,787	8,012	6,590	4,517	3,146
<b>31.12.2029</b>	535	11.65	32,326	15,128	2,269	14,928	9,391	7,510	6,036	3,957	2,641
<b>31.12.2030</b>	535	11.65	32,711	15,309	2,316	15,086	9,038	7,060	5,546	3,477	2,224
<b>31.12.2031</b>	535	11.65	33,047	15,466	2,357	15,224	8,687	6,627	5,088	3,051	1,870
<b>31.12.2032</b>	535	11.65	33,491	15,674	2,411	15,405	8,372	6,238	4,680	2,685	1,577
<b>31.12.2033</b>	535	11.65	33,945	15,886	2,470	15,589	8,068	5,872	4,305	2,363	1,330
<b>31.12.2034</b>	535	11.65	34,349	16,076	2,589	15,685	7,731	5,496	3,938	2,067	1,115
<b>31.12.2035</b>	535	11.65	34,701	16,240	3,017	15,444	7,250	5,034	3,525	1,770	915
<b>31.12.2036</b>	535	11.65	35,155	16,452	3,272	15,430	6,898	4,679	3,202	1,538	762
<b>31.12.2037</b>	535	11.65	35,487	16,608	3,377	15,502	6,601	4,373	2,924	1,343	638
<b>31.12.2038</b>	535	11.65	35,826	16,767	3,603	15,456	6,268	4,055	2,651	1,165	530
<b>31.12.2039</b>	535	11.65	36,267	16,973	3,698	15,596	6,023	3,807	2,431	1,022	446

<sup>13</sup> The discount rate of 7.5% has been done by the Company for the purposes of the calculations and as an ancillary tool for the investor.



**Total cash flows for the Company's income from royalties from type 3P reserves (proved reserves + probable reserves+ possible reserves) as of 31.12.2019  
(in thousands of Dollars)**

**Components of the cash flows**

<u>Up to</u>	<u>Quantity of sales of condensate (in thousands of barrels) (100% of the petroleum asset)</u>	<u>Quantity of sales (BCM) (100% of the petroleum asset)</u>	<u>Income from royalties</u>	<u>Taxes</u>		<u>Total discounted cash flows after tax</u>					
				<u>Levy</u>	<u>Income tax</u>	<u>Discounted at 0%</u>	<u>Discounted at 5%</u>	<u>Discounted at 7.5%</u>	<u>Discounted at 10%</u>	<u>Discounted at 15%</u>	<u>Discounted at 20%</u>
31.12.2040	535	11.65	36,640	17,147	3,770	15,723	5,783	3,570	2,228	896	374
31.12.2041	535	11.65	37,023	17,327	3,844	15,852	5,553	3,348	2,042	785	315
31.12.2042	535	11.65	37,400	17,503	3,912	15,985	5,333	3,141	1,872	689	264
31.12.2043	535	11.65	37,792	17,686	3,974	16,131	5,125	2,948	1,718	604	222
31.12.2044	535	11.65	38,188	17,872	4,263	16,053	4,858	2,729	1,554	523	184
31.12.2045	535	11.65	38,588	18,059	4,523	16,006	4,613	2,531	1,409	453	153
31.12.2046	535	11.65	38,994	18,249	4,771	15,973	4,384	2,350	1,278	393	127
31.12.2047	530	11.55	39,068	18,284	4,780	16,004	4,183	2,190	1,164	343	106
31.12.2048	488	10.62	36,304	16,990	4,442	14,872	3,702	1,893	983	277	82
31.12.2049	455	9.91	34,241	16,025	4,190	14,027	3,326	1,661	843	227	65
31.12.2050	423	9.20	32,131	15,037	3,932	13,162	2,972	1,450	719	185	51
31.12.2051	390	8.50	29,969	14,026	3,667	12,277	2,640	1,258	610	150	39
31.12.2052	325	7.08	25,235	11,810	3,088	10,337	2,117	985	467	110	28
31.12.2053	260	5.66	20,399	9,547	2,496	8,356	1,630	741	343	77	19
31.12.2054	195	4.25	15,459	7,235	1,892	6,333	1,176	522	236	51	12
31.12.2055	130	2.83	10,414	4,874	1,274	4,266	755	327	145	30	7
31.12.2056	70	1.52	5,643	2,641	691	2,312	390	165	71	14	3
31.12.2057	-	-	-	-	-	-	-	-	-	-	-
31.12.2058	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>17,212</b>	<b>375</b>	<b>1,137,272</b>	<b>511,134</b>	<b>111,920</b>	<b>514,217</b>	<b>249,918</b>	<b>190,199</b>	<b>151,576</b>	<b>106,824</b>	<b>82,799</b>

**Caution – It should be clarified that the discounted cash flow data, whether they have been calculated at a particular discount rate or without a discount rate, are presented at present value and they do not necessarily represent the fair value.**

**Caution in respect of forward looking information – the discounted cash flow data as stated above, constitute forward looking information, within the meaning of that term in the Securities Law. The above data are based on various assumptions by the data and also by the partners in the Tamar Project, inter alia, in relation to the quantities of gas and condensate that will be produced (including in connection with the amendment, which is proposed, to the agreement with the Electricity Corporation), the pace and continuation of sales of the natural gas from the project, the timing and the rate of the levy, the rates of the royalties and the selling prices, including regarding the price adjustments pursuant to the agreement with the Electricity Corporation , in respect of which there is no certainty that they will be realized.**

**It should be mentioned that the quantities of natural gas and/or condensate, which will actually be produced, the timing and the rate of the levy and of the revenues that have been mentioned may be significantly different from the abovementioned assessments and estimated by the Company and by the partners in the Tamar Project, inter alia, as a result of the competitive conditions existing in the market and/or from the operating and technical conditions and/or from regulatory changes and/or from the actual performance of the project and/or as a result of the actual selling prices and/or as a result of geopolitical changes that may occur.**

**It should further be mentioned that the rate of the price adjustment at the times of the price adjustments, as determined in the agreement with the Electricity Corporation may be significantly different from the Company's assessment, inter alia, as a result of the actual prices of the natural gas in the local market at the time of the price adjustments, all of which will be in accordance with the adjustment mechanism as determined in the agreement with the Electricity Corporation.**

D. The following is a sensitivity analysis<sup>14</sup> for the main parameters that comprise the discounted cash flows (the price of the gas and the quantity of the sales of gas<sup>15</sup>) as of 31.12.2019 (in thousands of Dollars):

Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%	Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%
<b>An increase of 10% in the price of the gas</b>					<b>A decrease of 10% in the price of the gas</b>				
Proved reserves 1P	327,904	143,107	108,164	86,708	Proved reserves 1P	278,583	123,032	93,431	75,175
Probable reserves	122,994	14,184	5,094	1,729	Probable reserves	100,099	11,266	3,892	1,189
Total type 2P reserves (proved + probable reserves)	450,898	157,291	113,258	88,437	Total type 2P reserves (proved + probable reserves)	378,682	134,298	97,323	76,364
Possible reserves	109,543	6,484	1,796	536	Possible reserves	89,544	5,254	1,428	405
Total type 3P reserves (proved + probable + possible reserves)	560,441	163,775	115,054	88,973	Total type 3P reserves (proved + probable + possible reserves)	468,226	139,552	98,752	76,769
<b>An increase of 15% in the price of the gas</b>					<b>A decrease of 15 % in the price of the gas</b>				
Proved reserves 1P	340,417	148,277	111,989	89,726	Proved reserves 1P	266,326	118,003	89,711	72,236
Probable reserves	128,757	14,943	5,420	1,886	Probable reserves	94,439	10,579	3,627	1,084
Total type 2P reserves (proved + probable reserves)	469,174	163,219	117,408	91,612	Total type 2P reserves (proved + probable reserves)	360,765	128,582	93,339	73,320
Possible reserves	114,523	6,780	1,878	561	Possible reserves	84,525	4,936	1,328	366
Total type 3P reserves (proved + probable + possible reserves)	583,697	169,999	119,287	92,173	Total type 3P reserves (proved + probable + possible reserves)	445,290	133,518	94,667	73,686

<sup>14</sup> All of the sensitivity analyses that are included in this report are based on data that has been received by the Company from the Delek Group Ltd., the controlling interest in the Partnership, pursuant to its commitment to the Company, as detailed in Section 7.8C of the periodic report.

<sup>15</sup> Sensitivity to a change in the quantity of gas sold. It should be emphasized that the said analyses do not take changes in the future investments plan into account, both in relation to an increase or a decrease in the quantity.

Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%	Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%
<b>An increase of 20% in the price of the gas</b>					<b>A decrease of 20% in the price of the gas</b>				
Proved reserves 1P	352,675	153,171	115,533	92,460	Proved reserves 1P	254,258	113,117	86,119	69,413
Probable reserves	134,501	15,693	5,740	2,040	Probable reserves	88,652	9,760	3,232	850
Total type 2P reserves (proved + probable reserves)	487,176	168,864	121,273	94,500	Total type 2P reserves (proved + probable reserves)	342,910	122,877	89,351	70,263
Possible reserves	119,502	7,075	1,960	585	Possible reserves	79,526	4,630	1,239	336
Total type 3P reserves (proved + probable + possible reserves)	606,678	175,939	123,233	95,085	Total type 3P reserves (proved + probable + possible reserves)	422,437	127,507	90,589	70,598

Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%	Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%
<b>An increase of 10% in the quantity of the gas sold</b>					<b>A decrease of 10% in the quantity of the gas sold</b>				
Proved reserves 1P	299,012	140,806	107,847	87,006	Proved reserves 1P	278,584	123,033	93,432	75,176
Probable reserves	109,685	14,383	5,380	1,903	Probable reserves	100,100	11,266	3,892	1,189
Total type 2P reserves (proved + probable reserves)	408,697	155,190	113,226	88,909	Total type 2P reserves (proved + probable reserves)	378,684	134,299	97,324	76,365
Possible reserves	96,825	7,180	2,157	686	Possible reserves	89,545	5,254	1,428	405
Total type 3P reserves (proved + probable + possible reserves)	505,522	162,369	115,383	89,595	Total type 3P reserves (proved + probable + possible reserves)	468,229	139,553	98,752	76,770

Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%	Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%
<b>An increase of 15% in the quantity of the gas sold</b>					<b>A decrease of 15% in the quantity of the gas sold</b>				
Proved reserves 1P	297,483	144,346	111,231	90,022	Proved reserves 1P	266,328	118,004	89,712	72,237
Probable reserves	108,937	15,302	5,925	2,205	Probable reserves	94,440	10,579	3,627	1,084
Total type 2P reserves (proved + probable reserves)	406,421	159,648	117,156	92,227	Total type 2P reserves (proved + probable reserves)	360,768	128,583	93,340	73,321
Possible reserves	95,671	7,880	2,478	822	Possible reserves	84,526	4,936	1,328	366
Total type 3P reserves (proved + probable + possible reserves)	502,092	167,528	119,634	93,049	Total type 3P reserves (proved + probable + possible reserves)	445,294	133,519	94,668	73,687
<b>An increase of 20% in the quantity of the gas sold</b>					<b>A decrease of 20% in the quantity of the gas sold</b>				
Proved reserves 1P	295,927	147,294	114,128	92,631	Proved reserves 1P	254,261	113,118	86,120	69,414
Probable reserves	108,201	16,281	6,538	2,561	Probable reserves	88,654	9,760	3,232	850
Total type 2P reserves (proved + probable reserves)	404,127	163,575	120,666	95,192	Total type 2P reserves (proved + probable reserves)	342,915	122,878	89,352	70,264
Possible reserves	94,634	8,603	2,831	981	Possible reserves	79,527	4,631	1,239	336
Total type 3P reserves (proved + probable + possible reserves)	498,761	172,179	123,497	96,173	Total type 3P reserves (proved + probable + possible reserves)	422,442	127,509	90,590	70,599

E. The following is a sensitivity analysis for the main linkage components of the gas price in accordance with agreements for the sale of gas in which the partners in the Tamar Project have committed (The American Consumer Prices Index (CPI) and the tariff for generation of electricity as of 31.12.2019 (in thousands of Dollars)<sup>16</sup>:

Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%	Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%
<b>An increase of 10% in the forecast CPI</b>					<b>A decrease of 10% in the forecast CPI</b>				
Proved reserves 1P	304,281	133,366	100,972	81,047	Proved reserves 1P	302,010	132,622	100,488	80,712
Probable reserves	112,246	12,790	4,508	1,457	Probable reserves	110,829	12,621	4,442	1,429
Total type 2P reserves (proved + probable reserves)	416,526	146,156	105,480	82,504	Total type 2P reserves (proved + probable reserves)	412,839	145,243	104,930	82,141
Possible reserves	100,298	5,924	1,634	482	Possible reserves	98,869	5,841	1,611	475
Total type 3P reserves (proved + probable + possible reserves)	516,824	152,081	107,114	82,986	Total type 3P reserves (proved + probable + possible reserves)	511,708	151,084	106,541	82,616
<b>An increase of 10% in the forecast PUA</b>					<b>A decrease of 10% in the forecast PUA</b>				
Proved reserves 1P	312,027	136,359	103,117	82,691	Proved reserves 1P	297,439	131,353	99,716	80,209
Probable reserves	116,196	13,284	4,709	1,546	Probable reserves	106,370	12,118	4,250	1,350
Total type 2P reserves (proved + probable reserves)	428,223	149,644	107,826	84,237	Total type 2P reserves (proved + probable reserves)	403,809	143,471	103,967	81,559
Possible reserves	103,869	6,140	1,697	503	Possible reserves	93,483	5,534	1,527	450
Total type 3P reserves (proved + probable + possible reserves)	532,092	155,784	109,523	84,740	Total type 3P reserves (proved + probable + possible reserves)	497,292	149,004	105,493	82,009

<sup>16</sup> Even though the electricity generation tariff is affected, inter alia, by the CPI, this impact has not been taken into account in the sensitivity analysis in the following tables.

F. The following is a sensitivity analysis for the sale of quantities in excess of the minimal quantities (Take or Pay) pursuant to agreements for the sale of gas in which the partners in the Tamar Project have committed as of 31.12.2019 (in thousands of Dollars):

Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%	Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%
<b>An increase of 10% in the quantity of sales of gas that are in excess of take or pay</b>					<b>A decrease of 10% in the quantity of sales of gas that are in excess of take or pay</b>				
Proved reserves 1P	300,923	137,042	104,118	83,579	Proved reserves 1P	285,832	127,783	97,453	78,665
Probable reserves	110,011	13,920	5,112	1,754	Probable reserves	100,184	11,305	3,918	1,206
Total type 2P reserves (proved + probable reserves)	410,935	150,962	109,230	85,333	Total type 2P reserves (proved + probable reserves)	386,016	139,088	101,371	79,871
Possible reserves	97,339	6,884	2,024	630	Possible reserves	89,594	5,284	1,452	424
Total type 3P reserves (proved + probable + possible reserves)	508,273	157,846	111,255	85,963	Total type 3P reserves (proved + probable + possible reserves)	475,610	144,372	102,824	80,295

G. The following is a sensitivity analysis for the adjustment of the price that was determined in an agreement with the Electricity Corporation as of 31.12.2019 (in thousands of Dollars):

Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%	Sensitivity/ category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%
<b>An decrease of 0% in the price</b>					<b>A decrease of 12.5% in the price</b>				
Proved reserves 1P	335,428	145,292	109,552	87,654	Proved reserves 1P	326,013	139,729	105,108	84,028
Probable reserves	130,417	15,056	5,430	1,866	Probable reserves	130,319	15,003	5,391	1,838
Total type 2P reserves (proved + probable reserves)	465,845	160,349	114,982	89,520	Total type 2P reserves (proved + probable reserves)	456,332	154,731	110,499	85,866
Possible reserves	117,412	6,939	1,921	573	Possible reserves	117,405	6,934	1,917	570
Total type 3P reserves (proved + probable + possible reserves)	583,257	167,287	116,903	90,093	Total type 3P reserves (proved + probable + possible reserves)	573,736	161,665	112,415	86,436



H. Adjustment between the data in the report and the data in previous reports in relation to the quantity of reserves that are attributed to the petroleum asset

The main differences between the current reserves report and the previous reserves report derive from the production of approximately 368 BCF of natural gas and of approximately 480 thousand barrels of condensate that was performed in 2019.

I. Production data

The following are production data for the Tamar Project that are attributed to the Company, on the assumption that the Company had held a right to the royalties as from 1.1.2017<sup>17,18</sup>:

<b>Natural gas<sup>19</sup></b>			
	<b>2017</b>	<b>2018<sup>20</sup></b>	<b>2019</b>
Average net receipts per production unit, which are attributed to the Company's right to royalties out of the payers of the royalties' share of the Tamar Holding, from which the Company is entitled to royalties, before the petroleum and gas profits levy (which is attributed to the holders of the capital rights in the Company (Dollars per MCF).	0.06	0.24	0.24
Petroleum and gas profits levy	-	-	-
Total average net receipts per production unit, which are attributed to the Company's right to royalties out of the payers of the royalties' share of the Tamar Holding, from which the Company is entitled to royalties, after the petroleum and gas profits levy (which is attributed to the holders of the capital rights in the Company (Dollars per MCF).	0.06	0.24	0.24
Depletion rate in the reporting period relative to the total quantities of the gas in the project (as a %) <sup>21</sup> .	3.4	3.3	3.3

<sup>17</sup> It should be mentioned that from the time of the start of the flow of the natural gas from the Tamar Project (I.E.: March 30, 2013) and up to 31.12.2019 natural gas has been supplied to customers in an overall amount of approximately 60.9 BCM. It should further be mentioned that to the best of the Company's knowledge, the average extent of daily production of natural gas amounts to approximately 1 BCF in the past two years (1.1.2018 – 31.12.2019). The production data for the year ended 31.12.2019 are based on unaudited financial data.

<sup>18</sup> In accordance with the agreement for the transfer royalties to the Company, dated 22.5.2018, all of the Company's rights and duties in respect of the right to royalties apply retrospectively as from 1.1.2018.

<sup>19</sup> The rate that is attributed to the holders of the capital rights in the Company in the receipts is rounded to two decimal points.

<sup>20</sup> The data in the table for the years 2018 and 2019 reflects the royalties rate that applies after the return of the investment in the Tamar holding.

<sup>21</sup> The depletion rate is the rate of the natural gas that is produced in the relevant reporting period, calculated at the end of the year, relative to the balance of the proved and probable reserves at the beginning of the reporting period.

<b>Condensate<sup>22</sup></b>			
	<b>2017</b>	<b>2018<sup>23</sup></b>	<b>2019</b>
Average net receipts per production unit, which are attributed to the Company's right to royalties out of the payers of the royalties' share of the Tamar Holding, from which the Company is entitled to royalties, before the petroleum and gas profits levy (which is attributed to the holders of the capital rights in the Company (Dollars per barrel)).	0.59	2.74	2.42
Petroleum and gas profits levy	-	-	-
Total average net receipts per production unit, which are attributed to the Company's right to royalties out of the payers of the royalties' share of the Tamar Holding, from which the Company is entitled to royalties, after the petroleum and gas profits levy (which is attributed to the holders of the capital rights in the Company (Dollars per barrel)).	0.59 <sup>24</sup>	2.74	2.42
Depletion rate in the reporting period relative to the total quantities of the condensate in the project (as a %) <sup>24</sup> .	3.5	3.3	3.3

To the best of the Company's knowledge, based on public reports by the payers of the royalties, all of the above data have been prepared in a manner that accords with the principles of the Petroleum Resources Management System (SPE-PRMS).

J. Assessor's opinion

NSAI's reserves report is attached to this report by way of the referral to the reserves report that is attached to the partnership's report. NSAI's agreement to the inclusion of NSAI's reserves report in this report is included in this report.

K. Management's declaration

1. Date of the declaration: January 9, 2020;
2. Note the name of the corporation: Delek Royalties (2012) Ltd.;
3. The person whose role it is to assess the resources: Asi Bartfeld, Chairman of the Board of Directors;
4. No data has come to our knowledge that not all of the relevant data that are required for the purpose of the performance of its work have been delivered to the appraiser;
5. We hereby confirm that no information has come to our knowledge, indicating the existence of dependency between the appraiser and the Company;

<sup>22</sup> The rate that is attributed to the holders of the capital rights in the Company in the receipts is rounded to two decimal points.

<sup>23</sup> The data in the table for the years 2018 and 2019 reflects the royalties rate that applies after the return of the investment in the Tamar holding.

<sup>24</sup> The quantity of the condensate that is produced from the Tamar Project.

6. To the best of our knowledge, based on public reports that have been published by the Tamar Partnership, the resources that have been reported are the best and most up to date estimates;
7. Pursuant to the public reports that have been published by the Tamar Partners, the data that have been included in this report have been prepared in accordance with the professional terminology that are enumerated in Chapter G of the Third Addition to the Securities Regulations (Details in a prospectus and in a draft prospectus – Structure and form) – 1969, and the meanings that are designated for them in Petroleum Resources Management System (2007), as published by the Society of Petroleum Engineers (SPE), the American Association of Petroleum Geologists (AAPG) The World Petroleum Council (WPC and the Society of Petroleum Evaluation Engineers (SPEE), as are effective as of the time of the publication of NSAI's reserves report;
8. No change has been made in the identity of the appraiser who performed the last disclosure regarding the reserves or the conditional resources, which was published by the Partnership;
9. We hereby agree to the inclusion of the above declaration in this report.

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Asi Bartfeld, Chairman of the Board of Directors

L. Terminology

**"Hydro-carbons"** – Compounds that are comprised of carbon and hydrogen, including gas, petroleum and condensate.

**"Holding"** – Within the meaning of that term in the Petroleum Law, 5712 – 1952 (hereinafter: **"The Petroleum Law"**)

**"Reservoir"** – A layer of layers of rock, that are typified by porosity and relatively high level of penetration, which enable the capacity for holding and the flow of liquids and gas. This is sometimes used to describe a field of petroleum and/or gas.

**"Porosity"** – the ratio between the entire volume of the spaces in the rock and the overall volume in the rock

**"Petroleum Resources Management System (SPE-PRMS) Petroleum Resources Management System 2007"** – A reporting system for the assessment of petroleum reserves and resources, as published by the Society of Petroleum engineers (SPE), the American Association of Petroleum Geologists (AAPG), the World Petroleum Council (WPC) and the Society of Petroleum Evaluation Engineers (SPEE), and as amended from time to time.

**"Petroleum asset"** A holding, whether direct or indirect, in a preliminary permit, license or holding; in another country – a holding, whether direct or indirect, in a right having a similar substance, which has been granted by the body that is authorized for that purpose. A right to receive benefits deriving from a holding, whether direct or indirect, in an petroleum asset or a right with a similar substance (as the case may be) will also be viewed as an petroleum asset.

**"Petroleum"** – crude petroleum, whether liquid or vaporized, including petroleum, natural gas, liquid gas, condensates and hydrocarbons, various types thereof, as well as asphalt and other solid petroleum hydrocarbons, which are dissolved into the crude petroleum and can be produced together with it.

**"Reserves"** - Are defined in accordance with the Petroleum Resources Management System (SPE-PRMS), as quantities of petroleum that are expected to be producible by implementing a development plan to the accumulations, which have been discovered, from a particular time onwards under defined conditions. The reserves have to meet four conditions: (1) they must be discovered; (2) they must be producible; (3) they must be commercial; and (4) they must be sustainable, pursuant to the implemented development for the project.

**"Condensate"** – Hydrocarbons that are located in a gaseous state in reservoir conditions, but which become liquid in the transition from the reservoir to the surface

**"License"** – Within the meaning of that term in the Petroleum Law.

**"Proved Reserves"; "Probable Reserves"; "Possible Reserves"; Category 1P/ 2P/ 3P Reserves (1P/ 2P/ 3P)"** – within the meaning of those terms in the Petroleum Resources Management System (SPE-PRMS)

**"BCF"** – Billion cubic feet, which is 0.001 TCF or approximately 0.0283 BCM

**"BCM"** – Billion cubic meters

**MMCF"** – Million cubic feet, which is 0.001 BCF or approximately 0.00003 BCM.

The following are the conversion factors that have been used in the above report:

<b>BCM</b>	<b>BCF</b>	<b>MMCF</b>
1	35.3107	35310.7
<b>BCF</b>	<b>MMCF</b>	<b>BCM</b>
1	1000	0.0283
<b>MMCF</b>	<b>BCF</b>	<b>BCM</b>
1	0.001	0.00003

Yours sincerely,

**Delek Royalties (2012) Ltd.**

By Meir Menachem, Chief Executive Officer

And Rami Spector, Legal Counsel and Company Secretary