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This is an English convenience translation of the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original

**Israel Corporation Ltd.**

Registrar Number: 520028010

**Form 121  
Public**

Date of Transmission: July 16, 2017

Reference: 2017-01- 073692

To:

The Securities Authority

www.isa.gov.il

To:

The Tel Aviv Stock Exchange

www.tase.co.il

**Immediate Report**

The Event: ICL/ORL - Negotiation for the Purchase of Natural Gas

Attached is an immediate report of Israel Chemicals Ltd. and Oil Refineries Ltd.

The date when the event first became known to the corporation: July 16, 2017

Time: 09:46

Name of report authorized signatory and name of authorized signatory electronic signatory: Maya Alchek-Kaplan

Position: Vice President, General Counsel and Company's Secretary

Signing Date: July 16, 2017

Name of Electronic Reporter: Maya Alchek-Kaplan. Position: Vice President, General Counsel and Company's Secretary. Address: Aranha 23, Millennium Tower. Tel Aviv 61204. Phone – 03-6844517 Fax: 03-6844587.

E-mail: mayaak@israelcorp.com.

## Immediate report – Negotiation for the Purchase of Natural Gas

The Company hereby respectfully reports as follows:

1. The Company and Energean Israel Limited (hereinafter: “Energean”), the owner of holdings in the Karish and Tanin gas fields (hereinafter: the “Gas Field”), have conducted negotiations toward forming a non-binding memorandum of understating (hereinafter: the “MOU”), which, after being signed, if and insofar as approved by all authorized entities, shall serve as basis for negotiations between the parties toward the signing of a binding detailed agreement for the supply of natural gas (to the extent signed), under which the Company shall purchase natural gas in quantities and for periods as agreed upon within the framework of such supply agreement, for the purpose of operating the power plant in Sodom and the Company’s other facilities in Israel.
2. The aforesaid draft MOU includes, *inter alia*, the following provisions:
  - a. The total quantity of gas which the Company is expected to purchase from Energean is approx. 13 BCM with respect to the entire expected period of supply (hereinafter: the “Total Contractual Quantity”);
  - b. The supply period shall commence upon the date on which Energean begins operating the Gas Field, and is expected to conclude upon the earliest of (x) the date on which the entire Contractual Quantity is consumed or (y) 15 years from the date of commencement of gas supply to the Company. .
  - c. A “take or pay” payment mechanism for a minimal annual quantity of natural gas at a scope and according to the mechanism to be determined;
  - d. The price of natural gas shall be linked to the electric power generation component and include a minimal price.
3. It would be noted that negotiations with Energean are being conducted jointly by the Company, Oil Refineries Ltd. (Bazan),<sup>1</sup> and OPC Rotem Ltd.<sup>2</sup>. The Company’s signing of the MOU will require approval by the Company’s authorized organs and is also subject to the entry by both of the other purchasers in a separate MOU with Energean. To the best of the Company’s knowledge, an MOU has yet to be signed between any of the purchasers and Energean. It would be clarified that, if and to the extent signed, this is a non-binding MOU, and that engagement in an agreement for the supply of gas and the supply of gas by virtue thereof are subject, among other things, to the completion of negotiations, to signing the binding agreement and to the meeting of various milestones and contingency clauses, including also arrangement and supply of natural gas supply for the Company in case the Gas Field is not developed in actuality.
4. A binding agreement, if and to the extent signed, will require proper approval by the authorized organs of the Company.
5. At this time, there is no certainty as to the Company’s engagement in such MOU and\or engagement in a binding agreement or the terms of such binding agreement, insofar as signed.

<sup>1</sup> A public company under the control of the Israel Corporation Ltd., the controlling shareholder of the Company, which is under the (direct and indirect) control of Mr. Idan Ofer.

<sup>2</sup> A private company under the indirect control of one of the Company’s controlling shareholders.



Name of the authorized signatory on the report and name of authorized electronic reporter: Lisa Haimovitz  
Position: SVP, Global General Counsel and Company Secretary  
Signature Date: 16 July 2017

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**Oil Refineries Ltd.  
(the "Company")**

July 16, 2017

To  
The Securities Authority  
via MAGNA

To  
Tel-Aviv Stock Exchange  
via MAGNA

Dear Sir/Madame,

Re: **Immediate Report - Negotiations for the Purchase of Natural Gas**

The Company hereby reports as follows:

1. The Company and Energean Israel Limited (hereinafter: "**Energean**"), the owner of holdings in the Karish and Tanin gas fields (hereinafter: the "**Gas Field**"), are conducting negotiations to formulate a non-binding memorandum of understandings (hereinafter: the "**MOU**") according to which, if and to the extent executed, the parties shall conduct negotiations towards signing a detailed and binding natural gas supply agreement (if signed), under which the Company will purchase natural gas in quantities and for periods to be agreed upon within the framework of the supply agreement. This is for the purpose of operating the Company's and the subsidiaries facilities operating in the Haifa Bay.
2. It should be noted, that the negotiations with Energean are being conducted by the Company, Israel Chemicals Ltd.<sup>1</sup>, and - OPC Rotem Ltd.<sup>2</sup> (the "**Buyers**"), jointly, in order to leverage the Buyers' combined purchase power for the purpose of achieving improved purchase terms from Energean. The Buyers' intention is that at the end of the process, if completed successfully, and insofar as its principles are approved by the Company's authorized organs, each of the Buyers shall sign a separate memorandum of understandings. However, the continuance of the negotiations towards a binding supply agreement, may be subject to the execution of a memorandum of understandings by each of the Buyers. To the Company's best knowledge, a memorandum of understandings has yet to be signed between any of the Buyers and Energean.

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<sup>1</sup> A public company under the control of Israel Corporation Ltd., the Company's controlling shareholder, which is under the (direct and indirect) control of Mr. Idan Ofer.

<sup>2</sup> A private company which is under the indirect control of one of the Company's controlling shareholders.

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3. In accordance with the abovementioned draft MOU, the total gas quantity which the Company is expected to purchase from Energean is approximately 17 BCM with respect to the entire expected supply period (hereinafter: the “**Total Contractual Quantity**”).
4. The supply period shall commence upon the commencement of the gas flow from the Gas Field, and is expected to terminate at the time in which the Total Contractual Quantity is fully consumed or after 15 years as of the date of supply of natural gas to the Company, according to the earlier, while if the Total Contractual Quantity will not be fully consumed, the parties may extend the term of the agreement (if signed) for an additional period subject to meeting certain terms and objectives which will be defined within the binding agreement.
5. The MOU, is expected to include, *inter alia*, a Take or Pay payment mechanism for a minimum annual quantity of natural gas in the scope and in accordance with the mechanism to be determined.
6. In accordance with the abovementioned draft MOU, the price of natural gas shall be linked to electric power generation component and shall include a minimal price.
7. It is clarified that if and once signed, this is a non-binding MOU, and the engagement in a gas supply agreement and the actual gas supply by virtue thereof are subject, *inter alia*, to the completion of the negotiations, the execution of the binding agreement and the fulfilment of milestones and various conditions precedent.
8. A binding agreement, if and to the extent executed, shall be approved as required by the Company’s authorised organs.
9. **Forward-Looking Information:** the information provided above with respect to the draft MOU, including with respect to the completion of the negotiations towards signing the MOU and its terms, constitutes Forward-Looking Information as defined under the Israeli Securities Law, which is conditional and subject to several factors. This abovementioned information may not occur or may occur in a manner materially different than aforesaid as a result of various factors, including, the failure to reach agreements between the parties or failure to obtain the required approvals with regards to the MOU principles.

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Oil Refineries Ltd.

BY: Eli Morduch, Adv.

The Company’s Secretary