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Israel Corporation Ltd.

Registrar Number: 520028010

**Form 121
Public**

Securities of the Corporation are listed in the Tel Aviv Stock Exchange

Short name: Israel Corporation

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To:

The Securities Authority

www.isa.gov.il

To:

The Tel Aviv Stock Exchange

www.tase.co.il

Immediate Report

The Event: ICL – Terminates its Potash project in Ethiopia

Attached is an immediate report of Israel Chemicals Ltd.

The date when the event first became known to the corporation: October 6, 2016

Time: 13:00

The name of the authorized signatory to the report and the name of the authorized electronic signatory: Maya Alchek-Kaplan

Position: Vice President, General Counsel and Company Secretary

Date of signing: October 6, 2016



ICL TERMINATES ITS POTASH PROJECT IN ETHIOPIA

Tel Aviv, Israel, October 6, 2016 – ICL (NYSE and TASE: ICL). Further to Note 8 of ICL's (the "Company") financial statements for the second quarter of 2016 and to the announcement issued by the Company on August 23, 2016 (reference number 2016-02-108979) regarding ICL's potash investment in Ethiopia (the "Project"), the Company hereby announces that at its meeting of October 5, 2016, ICL's Board of Directors instructed management to take all necessary actions towards termination of the Project.

The Board has taken this decision in view of the Ethiopian government's failure to provide the necessary infrastructures and regulatory framework for the Project, and follows the Ethiopian Tax Authority's rejection of Allana Afar's appeal regarding the unjustified and illegal tax assessment, which Allana Afar has declined to pay. In particular, as already notified to the government, Ethiopia's acts and omissions have been in breach of, *inter alia*, the protections to which the investment is entitled under an international investment treaty.

The net book value of the investment in the Project as of June 30, 2016, was approximately \$170 million. Following the Board's decision, the Company will recognize in its financial reports an impairment of the investment amount, as well as a provision for expected closing costs.

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: October 6, 2016

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