RATIO OIL EXPLORATION (1992) LIMITED PARTNERSHIP

INVESTORS PRESENTATION MAY 2018
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RATIO's ASSETS

Experienced Israeli E&P player, focused on deep-water hydrocarbon exploration & development in the East Med.
LEVIATHAN FIELD

World class asset in terms of quantity, quality and potential for high production delivery.

Leviathan is positioned as a regional energy anchor.

Gross Resources (*)

- Natural Gas: 358 [605 BCM (21.4 TCF)]
- Condensate: 38 mmbbl

Working Interest

- Ratio: 15.00%
- Noble Energy (Operator): 39.66%
- Delek Drilling: 45.34%

Leviathan Chronology

- 2007: Ratio awarded preliminary permit
- 2007-2008: Farm-out to Noble & Delek
- 2010: Drill and discovery
- 2014: Leases awarded
- 2017: Phase 1A FID
- Q4/2019: Estimated first gas
- Phase 1B FID (**) 
- Future: Leviathan Deep exploration (**) 

(*) As per the Partnership’s immediate report dated March 21, 2018, based on NSAI's 2P+2C estimate
(**) Subject to Leviathan JV approvals
LEVIATHAN PHASED DEVELOPMENT

Aggregate project’s processing capacity will be built on the same platform and will reach 2.1 bcf/d.

**Phase 1A - In Construction**

- **FID**
  February 2017
- **Est. First Gas Delivery**
  Q4/2019
- **Approved Capex**
  $3.75 Bn gross
- **Processing Capacity**
  ~1.2 bcf/d
- **Markets**
  Israel, Jordan, Egypt (Domestic) & PA

**Phase 1B - Future Expansion**

- **Future FID**
  - Will be driven by markets maturity
  - Approved development plan
- **Est. Capex**
  $1.5-2 Bn gross
- **Additional Processing Capacity**
  ~0.9 bcf/d
- **Potential Markets**
  Egypt (LNG), Turkey, Europe & Israel
PHASE 1A DEVELOPMENT PLAN

Subsea tie-back to a fixed production platform.

- Four producing wells at first gas with an aggregate capacity of ~1.2 bcf/d
- Gas will be delivered via dual 18”, 115 KM tie-back flowlines to the production platform
- Fixed platform will be located 10 KM offshore Israel with full processing capabilities
- Processed gas will be delivered from the platform via a 32” pipeline to the INGL transmission system
PHASE 1A
STATUS

2018 key milestones:

→ Drilling & Completion
→ Platform fabrication
→ Pipelines installation
→ Onshore facilities

Project Remains on Schedule & Budget

~46% of Project Development Completed (*)

(* As per the Operator report of April 16, 2018 (Form 8-K)

<table>
<thead>
<tr>
<th>Project Phase</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
<td>Sanction</td>
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<tr>
<td>Order Critical Path Equipment</td>
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<tr>
<td>Detail Design and Engineering</td>
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<td>Equipment Manufacturing</td>
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<td>Offshore Platform Installation</td>
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<tr>
<td>Commissioning and First Gas</td>
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LEVIATHAN MARKETING

Phase 1A executed firm GSPAs of ~ 9 BCM/A.

On-Going Negotiations for Domestic & Export GSPAs for Phases 1A & 1B.

(*) The Partnership’s estimations with respect to the quantities of Natural Gas to be delivered under the executed GSPA’s constitute forward-looking information which is uncertain and of which the realization or non-realization may be affected, or may differ materially from that presented in this presentation, among other things, by the fulfillment of the conditions precedent under the GSPA’s (so far as such conditions precedent have not been fulfilled yet), the granting of regulatory approvals, delays in timetables, geopolitical impacts, variations in the quantities, rate and/or the timing of consumptions of Natural Gas by the offtakers under those GSPA’s, etc. The potential usage of regional infrastructure in export agreements, whether existing or being developed, has yet to be finalized and there is no certainty as to whether this is partially or fully feasible.
ISRAEL’S NATURAL GAS REVOLUTION

Forecast for high growth demand for Natural Gas in the Israeli market driven by:

→ Electricity
→ Coal reduction
→ Industrial penetration
→ Transportation, Chemical & Residential

Source: BDO forecast as of January 2018, including PA
Israel’s Minister of Energy and Water Resources, Dr. Yuval Steinitz: “Israel aims to eliminate use of coal, gasoline and diesel by 2030” (*)

(*) National Energy Conference, February 27, 2018

Domestic Market Fuel Mix by Electricity Generation

Source: BDO forecast as of January 2018, including PA
PHASE 1A ROBUST FUTURE CASH FLOW


CAPEX will be funded by cash & cash equivalents and bank loan.

As per the Partnership’s immediate report dated March 21, 2018 “Leviathan discounted cash flow projections”; based on NSAI’s 2P+2C estimate;

(*) Operating cash flow represents undiscounted Ratio’s revenue less royalties and operating expenses

(**) Net cash flow represents undiscounted Ratio’s revenue less royalties, operating expenses, capex and taxes before financing (principal & interest) & other expenses
Phase 1B will create an upside at relatively low incremental cost.

**Egypt**
Shell LNG Plant
- LNG plant is partially operated
- Nameplate capacity ~ 7.2 MTPA
- Potential for co-delivery with Aphrodite field (*)

**Turkey**
- Gas supply diversification
- Potential transit hub from East to West
- Southern entry for significant gas volumes

**Israel**
- Accelerated schedule for coal reduction
- Construction of gas based industries (Aluminum, Ammonia, Methanol)
- Gas-To-Liquid penetration

**Europe**
*East Med Pipeline*
- Planned route: Israel-Cyprus-Greece-Italy
- Distance ~ 2,000 KM
- Executed feasibility study
- Inter-Governmental Agreement is expected in 2018

(*) As per Delek Drilling 2017 Annual Reports dated March 21, 2018
Royee License

Ratio initiated the exploration activities in the license area.

Pre-drill prospective resources are estimated ~3.4 TCF of natural gas with a forecasted 36% geological chance of success (*)

Prospective Resources (*)

- Natural Gas
  - 97 BCM (3.4 TCF)

Working Interest

- Ratio 70%
- Edison (Operator) 20%
- Israel Opportunity 10%

Royee Chronology

2010
- Ratio awarded Gal preliminary permit

2012
- Completed acquisition & processing of 3D seismic survey
- Edison joins as operator

2013
- Ratio awarded Royee & Neta licenses

2015-2017
- Border revision and updated prospective resources report

2018
- Submission of engineering & environmental reports
- Farm-in negotiations with potential partners

2019 (Est.)
- Exploration drilling (**)
RATIO IN THE TEL AVIV STOCK EXCHANGE (*)

Ticker
RATIp.TA

Main Indexes
TA-90, TA-125
TA-Oil & Gas

Insiders
21.87%

Institutionals
19.51%

Free Float
58.61%

Market Cap
~ NIS 2,800 MM

Warrants

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<th>Expiration Date</th>
<th>Exercise Price (**)</th>
<th>Proceeds (**)</th>
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<td>NIS 2.64</td>
<td>USD 85 MM</td>
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<td>18</td>
<td>15/11/20</td>
<td>NIS 3.55</td>
<td>USD 76 MM</td>
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Bonds

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<th>Linkage</th>
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<td>NIS</td>
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<tr>
<td>C</td>
<td>7.64%</td>
<td>USD</td>
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(*) As of April 28, 2018
(**) Assuming full exercise of warrants; Exercise prices adjusted to consolidation of participant units (1:8)
CONTACT DETAILS

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