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Israel Corporation Ltd.

Registrar Number: 520028010

**Form 121
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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 - Gas Transactions with Tamar and Leviathan

Attached is an immediate report of Israel Chemicals Ltd.

The Company is not a shell company as defined in the Stock Exchange Regulations

The date when the event first became known to the corporation: February 22, 2018

Time: 09:00

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

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

Signing Date: February 22, 2018

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

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Gas Transactions with Tamar and Leviathan

1. On February 21, 2018, the Company entered into 2 gas supply agreements, as set forth below, to secure the gas supply needs of the Company until the commercial operation of the "Karish" and "Tanin" gas fields by Energean or, in case the Company's agreement with Energean terminates, to secure the Company's gas supply needs until the end of 2025, in accordance with the gas price formulas stipulated under the government's gas Outline
2. One gas supply agreement was entered into with the Tamar Partners¹ to continue the current gas supply to the Company from the Tamar gas field, for the supply of the Company's full gas requirements in Israel. The Tamar Agreement is an interruptible supply agreement, which may become a firm supply agreement, upon the Sellers' notice to this effect to the Company. On June 1, 2020, the Tamar Partners are required to reduce the quantities under the Tamar Agreement by fifty percent (50%), which would reflect one half of the Company's gas requirements.
3. In addition, the Company has concurrently entered into a second agreement with the Leviathan Partners, for the supply of half of the Company's gas requirements on a firm basis as of the commercial operation date of Leviathan gas field, which is expected to occur in the final quarter of 2019. According to the Leviathan Agreement the Company may exercise an option, at its discretion, to consume the balance of the gas quantities required by the Company on a firm basis, subject to Leviathan's ability to supply such quantities on a firm basis, in order to secure the Company's gas supply in the event the Tamar Group is unable to meet the Company's gas requirements under the Tamar Agreement on a firm basis. The Leviathan Agreement contains provisions that would protect the Company from incurring dual take or pay obligations under the Tamar and Leviathan Agreements in respect of the same quantity of gas.
4. The formula for calculation of the gas price in the Agreements is linked to both the Production Cost Tariff as published by the Electricity Authority from time to time and the price of Brent crude oil. The foregoing price formulas and linkage reflect the provisions of the government's gas Outline. The estimated cost of the Company's gas consumption under the Agreements for the duration of the maximum period until December 31, 2025 (in the event that the Company's agreement with Energean is terminated), is the range of approximately USD\$1.1-1.2 billion for an aggregate quantity of approximately 6.0 billion cubic meters of natural gas. In the event that Energean achieves commercial operation by the end of 2020, then the estimated cost of the Company's gas consumption under the agreements until such date, will be in the range of approximately USD\$400-450 million, for an aggregate quantity of approximately 2.2 billion cubic meters. It is further noted that the actual cost of

¹ As of the date of this immediate report, Nobel Energy Mediterranean Ltd, Isramco Negev 2 LP, Delek Drilling LP, Tamar Petroleum Ltd., Dor Gas Exploration LP and Everest Infrastructures LP



the Company's consumption will derive from potential changes in the Production Cost Tariff and potential changes in the price of Brent crude oil over the duration of the relevant period.

5. The Agreements also contain a mechanism according to which, the Company is entitled to terminate the agreement as of the final quarter of 2020, subject to prior written notice, to coincide with commercial operation under the Energean Agreement.
6. The Agreements also contain an extension provision stating that in the event that Energean is unable to achieve commercial operation, and therefore the Energean Agreement will terminate, the Agreements will automatically extend until December 31, 2025, such that the Company will have secured the gas price as stipulated in the gas framework, until December 31, 2025.

Sincerely,
Israel Chemicals Ltd.

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: February 22, 2018

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