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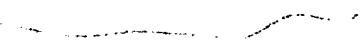
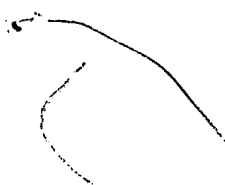
DEED OF SUB-CONCESSION

between

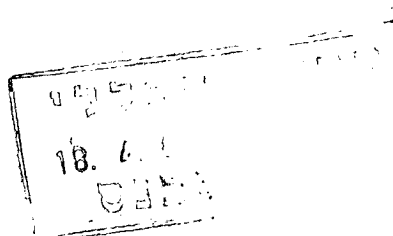
A.P.C. HOLDINGS LTD.

and

EILAT ASHKELON PIPELINE CO. LTD.



אישור שמסמך זה החתום אלקטרונית,  
מהווה העתק של מסמך (מקור או העתק) המצוי  
ביום החתימה בתיק התאגיד ברשות התאגידים



Dated this \_\_\_\_\_ day of \_\_\_\_\_

A.P.C. HOLDINGS LTD.

AND

EILAT ASHKELON PIPELINE COMPANY LIMITED

WITH THE CONSENT OF

THE STATE OF ISRAEL

DEED OF SUB-CONCESSION

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רשות  
התאגידים

אישור שמסמך זה החתום אלקטרונית,

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DEED OF SUB-CONCESSION

THIS DEED OF SUB-CONCESSION is made the \_\_\_\_\_ day of \_\_\_\_\_ between A.P.C. HOLDINGS LTD., a company organized and existing under the Laws of Canada, whose Head Office is situate at Bank of Canada Building, City of Halifax in the Province of Nova Scotia, Canada (hereinafter called "the Concessionnaire") of the one part, and EILAT ASHKELON PIPELINE COMPANY LIMITED, a company organized and existing under the laws of the State of Israel, whose Registered Office is situate at Helene Hamalka Street 11, Jerusalem, Israel (hereinafter called "the Sub-Concessionnaire") of the other part, with the consent of the State of Israel, represented by the Government of Israel, acting through the Minister of Finance (hereinafter called "Government")

WITNESSETH:

WHEREAS the Concessionnaire has applied to Government for, and Government has, by Deed of Concession of even date herewith, granted to the Concessionnaire a Concession for the carriage of petroleum and the construction or acquisition, maintenance and operation of a pipeline having a diameter of 42 inches traversing the territory of Israel, as more particularly set forth in such Deed of Concession; and

WHEREAS the Concessionnaire has agreed, with Government's consent, to grant to the Sub-Concessionnaire a sub-concession on the terms and conditions hereof;

NOW THEREFORE IT IS HEREBY DECLARED as follows:-

Meaning of terms.

1. Unless the context otherwise requires, the expressions used in this Sub-Concession shall have the meanings assigned to them in the Deed of Concession, executed on this date by Government and the Concessionnaire.

Subject-matter of the Sub-Concession.

2. (a) The Concessionnaire, with the consent of Government by this Deed grants to the Sub-Concessionnaire and the Sub-Concessionnaire hereby accepts from the Concessionnaire the rights and licence -

- (i) to carry by pipeline through the territory of Israel petroleum imported through the Red Sea or emanating from any place within an area situate between the coast of the Red Sea and an imaginary line running parallel to such coast at a distance of 50 (fifty) kilometres thereof; and
- (ii) to construct or acquire, maintain and operate for the conveyance of petroleum the Pipeline having a diameter of 42 inches with an eventual annual throughput capacity of between 55 to 60 million tons of petroleum traversing the territory of Israel from co-ordinates 143/882 on the coast of the Gulf of Eilat to co-ordinates 105/116 on the coast of Ashkelon, and all pumping, storage, terminal and other facilities ancillary



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ביום החתימה בתיק התאגיד ברשות התאגידים

thereto, and to do all things necessary in connection therewith.

(b) The aforesaid rights and licence are hereafter referred to as "the subject matter of the Sub-Concession".

Duration.

3. The duration of this Sub-Concession shall be for a period of 49 (forty-nine) years less one month commencing on the Commencement date, unless sooner terminated as herein-after provided.

Grant of rights, powers, privileges and immunities.

4. Without in any way restricting the rights and privileges given to and the obligations assumed by the Concessionnaire under the Concession the Sub-Concessionnaire will, in and in connection with the subject matter of the Sub-Concession, have and be entitled to exercise all of the rights, powers, privileges and immunities granted to the Concessionnaire by the Deed of Concession, as fully and effectually as if such rights, powers, privileges and immunities were granted directly to the Sub-Concessionnaire in its place and stead thereunder. Without limiting the foregoing in any way, the Sub-Concessionnaire, in and in connection with the subject matter of the Sub-Concession, shall have, inter alia, all of the rights, privileges, powers and immunities of the Concessionnaire to acquire, use and dispose of land and interests in lands, including leases, sub-leases, rights of use, to obtain adequate water supplies, to import and export materials and equipment, to retain approved experts and other personnel, to construct and to use, communications, harbour and marine facilities, to enjoy privileges with respect to domestic and foreign currency, to enjoy exemptions from tax, Import Duties and Excise, and to exercise and enjoy such other rights, privileges, powers and immunities as are granted to the Concessionnaire under the Concession.

Assumption of obligations and liabilities.

5. The Sub-Concessionnaire hereby assumes and agrees to discharge all liabilities and obligations imposed upon the Concessionnaire, in and in connection with the subject matter of the Sub-Concession, by the Concession, as fully and effectually as if such liabilities and obligations were assumed directly by the Sub-Concessionnaire in the place and stead of the Concessionnaire under the Concession.

Enforcement.

6. (a) The Sub-Concessionnaire will promptly notify the Concessionnaire of any breach or threatened breach by Government of any of its obligations to the Sub-Concessionnaire, and the Concessionnaire shall have the right at any time or from time to time to take such actions on behalf of the Sub-Concessionnaire as the Concessionnaire may deem appropriate to bring about the fulfillment by the Government of its obligations towards the Sub-Concessionnaire.

(b) In any action, suit or proceeding brought by the Concessionnaire for that purpose the Concessionnaire shall be entitled to recover the full amount of the payment that would be due to the Sub-Concessionnaire.



(c) Any sum paid to the Concessionnaire as a result of any such action, suit or proceeding shall be held in trust by it but the Concessionnaire shall be entitled to retain any such sum paid to the Concessionnaire as a result of any such action, suit or proceeding as payment to the Concessionnaire of amounts due to it from the Sub-Concessionnaire or to become due to it from the Sub-Concessionnaire or as security for payments of amounts to become due to it from the Sub-Concessionnaire or which would be paid to it in the normal course by the Sub-Concessionnaire whether as dividends, interest, fees or otherwise.

(d) Nothing herein shall be deemed to affect in any way the right of the Sub-Concessionnaire to enforce Government's obligations to it hereunder, except that any sum paid by Government to the Concessionnaire as a result of any action, suit or proceeding brought by the Concessionnaire on behalf of the Sub-Concessionnaire shall to the extent of such payment, relieve Government of its obligations to the Sub-Concessionnaire. The Sub-Concessionnaire shall, in connection with all other matters relating to the subject matter of the Sub-Concession, be entitled to bring any proceeding, maintain any action and sue and be sued in its own name.

Indemnification.

7. The Sub-Concessionnaire hereby agrees to indemnify and hold the Concessionnaire harmless for any liability, loss or damage whatsoever which it may incur or suffer by reason of anything done or omitted to be done by the Sub-Concessionnaire under this Sub-Concession or in connection with the operation of the Pipeline.

Events of termination.

8. The following shall constitute events each of which shall be ground for the termination by the Concessionnaire of the rights granted under this Sub-Concession:-

(a) Any breach or non-performance by the Sub-Concessionnaire of its obligations to the Concessionnaire under this Sub-Concession which is not cured within a reasonable time after written notice from the Concessionnaire specifying such breach or non-performance; or failure of the Sub-Concessionnaire upon the Concessionnaire's reasonable request, to do or to desist from or refrain from doing any act or to pursue or desist or refrain from pursuing any course of conduct which is required or forbidden, as the case may be, under this Sub-Concession, the Concession or applicable law;

(b) The voluntary winding-up of the Sub-Concessionnaire without the prior consent of the Concessionnaire or the involuntary winding-up of the Sub-Concessionnaire by a final order of a court of competent jurisdiction;

(c) Termination for any reason of the Concession;

(d) Upon the happening of any of the aforesaid events, the Concessionnaire shall have the right at its option to terminate this Sub-Concession and all of the rights and privileges of the Sub-Concession hereunder. Nothing herein contained shall be deemed to limit the right of the



Concessionnaire to collect damages on account of any breach of this Sub-Concession or of any other obligation of the Sub-Concessionnaire to the Concessionnaire, not specifically enumerated herein, or to pursue any other remedies provided by this Sub-Concession or any other agreement between the parties or any other remedy provided by law.

Obligations upon termination.

9. If this Sub-Concession shall terminate for any reason, the Concessionnaire shall subject to the provisions of the Concession be entitled at its option to take over or to permit any other person with the prior approval of Government to take over the operation of the Pipeline operated by the Sub-Concessionnaire and the Sub-Concessionnaire shall take all necessary action to facilitate such taking over, including, without limitation, the transfer to the Concessionnaire or to a person of its selection approved by Government, of all rights of use, interests in lands and water rights, the assignment of all existing contracts and the delivery of appropriate documents of title vesting in the Concessionnaire or such other person all rights, titles and interests of the Sub-Concessionnaire in and to the Pipeline and all facilities ancillary thereto and all vehicles, machinery, equipment, materials and spare parts used in the operation thereof.

State of the Sub-Concessionnaire.

10. The Sub-Concessionnaire is not granted any right or authority to assume or create any obligation or liability, express or implied, on behalf of or in the name of the Concessionnaire or to bind the Concessionnaire in any respect whatsoever.

Access to records; receipt of reports.

11. The Sub-Concessionnaire will at all times make available to the Concessionnaire for inspection at the offices of the Sub-Concessionnaire during reasonable hours, all its books and accounts, records, notes and documents of every description, and will, through its appropriate officers, furnish to the Concessionnaire such information as it may require on any matters relating to or touching upon the construction or acquisition, maintenance and operation of the Pipeline or the business of the Sub-Concessionnaire.

Place and manner of payment.

12. Any damages payable by the Sub-Concessionnaire to the Concessionnaire by reason of any breach, default or non-performance of the Sub-Concessionnaire's obligations shall be payable in United States Dollars at such place within the State of Israel or in any other country as the Concessionnaire may at any time or from time to time specify.

Assignment.

13. The rights hereby granted to the Sub-Concessionnaire shall not be assignable by the Sub-Concessionnaire. The Concessionnaire shall have the absolute right to assign its rights and obligations hereunder in accordance with Clause 35 of the Concession.

Successors and Assigns.

14. Subject to the provisions of Clause 13 hereof this Sub-Concession shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.



אישור שמסמך זה החתום אלקטרונית,  
מהווה העתק של מסמך (מקור או העתק) המצוי  
ביום החתימה בתיק התאגיד ברשות התאגידים



- Waiver. 15. No waiver by any party of any breach of any term hereof shall be considered as a waiver of any subsequent breach of that term or any other term of the same or different nature.
- Renewal. 16. If at or prior to the expiration of the Concession, the Concessionnaire shall have obtained from Government an extension of the Concession, the Sub-Concessionnaire shall be entitled to apply to the Concessionnaire for an extension of this Sub-Concession upon such terms and conditions as may be reasonable under the then existing circumstances, and the Concessionnaire agrees that it will give sympathetic consideration to such application.
- Headings or marginal notes. 17. The headings or marginal notes hereunder provided are solely for the convenience of the parties and shall be completely disregarded in the construction of the provisions of this Sub-Concession.
- Waiver of notarial notice. 18. The parties hereto hereby waive and agree to dispense with the necessity of any notarial or other official notice or protest in respect of any breach or default or non-performance of any of the terms hereof.
- Action by Government. 19. Anything permitted or required to be done or exercised and any consent to be given by Government under this Sub-Concession shall be properly done, exercised or given by the Minister of Finance or by any person appointed under his hand in that behalf.
- Construction. 20. This Deed of Sub-Concession shall not be deemed an assignment of the Concession in whole or part, nor shall it be deemed to modify or enlarge any of the rights, powers, privileges or immunities conferred upon the Concessionnaire by the Concession.
- Commencement date. 21. This Deed of Sub-Concession shall come into force on the date on which the Deed of Concession comes into force as provided in Clause 47 of the Concession.
- Notices. 22. Whenever any notices requests, demands or communications (herein called "notices") are to be given hereunder the notices shall be in writing and shall be deemed to be duly given if mailed by prepaid registered mail to the parties at the following addresses:-

Eilat Ashkelon Pipeline Company Limited:- Helene Hamalka  
Street 11,  
Jerusalem, Israel.

A.P.C. Holdings Ltd.:- c/o Frank Covert, Bank of Canada  
Building, Halifax, Nova Scotia,  
Canada,

or to such other address as any of the parties may designate by a similar notice to the other. Any notice so sent shall be deemed to have been served at the expiration of 10 (ten) days from the posting of a prepaid registered letter containing such notice duly addressed. All notices sent to the Concessionnaire under the Concession and relating to





the subject matter of the Sub-Concession shall, unless a similar notice was sent to the Sub-Concessionnaire, be promptly forwarded by the Concessionnaire to the Sub-Concessionnaire.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands on the date and year first hereinbefore written.

Chairman of the Board  
for and on behalf of  
A.P.C. HOLDINGS LTD.

Consented to on behalf of the  
State of Israel  
Pursuant to Clause 4 of the Deed  
of Concession

for and on behalf of  
Eilat Ashkelon Pipeline Company  
Limited

Minister of Finance  
for and on behalf of the  
State of Israel







משרד המשפטים  
מסמך זה הינו העתק שנסרק בשלמותו ביום ובשעה המצוינים,  
בסריקה ממוחשבת מהימנה מהמסמך המצוי בתיק,  
בהתאם לנוהל הבדיקות במשרד המשפטים.  
על החתום

משרד המשפטים (חתימה מוסדית).



אישור שמסמך זה החתום אלקטרונית,  
מהווה העתק של מסמך (מקור או העתק) המצוי  
ביום החתימה בתיק התאגיד ברשות התאגידים