

Paz Oil Co. Ltd (the “Company”)

Notice of a Special General Meeting of the Company’s Shareholders

In accordance with the Companies Law, 5759-1999, and the Companies (Notice and Announcement of General Meeting and Class Meeting in a Public Company and Addition of a Matter to the Agenda) Regulations, 5760-2000 (hereinafter – the “**Regulations**”), notice is hereby given of a special general meeting of the Company’s shareholders to be held on Thursday, July 28, 2016, at 15:00 hours, at the Company’s offices, at Euro Park, Holland House, Yakum. An immediate report including all the details required pursuant to the Regulations and pursuant to the Securities (Periodic and Immediate Reports) Regulations, 5730-1970 in connection with the meeting was published by the Company on Wednesday, June 22, 2016 (reference no. 2016-01-064012) on ISA’s distribution site and on the website of the Tel Aviv Stock Exchange Ltd (hereinafter – “**TASE**”) at the following addresses: www.magna.isa.gov.il and <http://maya.tase.co.il>.

Details of the matters on the agenda:

To appoint Mr. Efraim Sadka as an external director of the Company for a Third term period of three years, commencing on August 4, 2016, pursuant to section 245(a)(2) of the Companies Law.

The determining date:

The determining date for entitlement of a shareholder of the Company to participate in and vote at the general meeting and the adjourned meeting, in accordance with section 182(b) of the Companies Law, is the end of the trading day on TASE falling on Wednesday, June 29, 2016 (hereinafter – the “**determining date**”). If trading does not take place on the determining date, the determining date shall be the last trading day prior thereto.

Dates for delivering position notices and voting papers:

The deadline for delivering position notices to the Company is up to ten days prior to the date of the meeting. The deadline for delivering a position notice on behalf of the Company that includes the response of the Company’s board of directors to the position notices on behalf of the shareholders is up to five days prior to the date of the meeting.

The deadline for delivering voting papers to the Company for a shareholder who is not entered in the register of shareholders is up to four hours prior to the date of the meeting (that is to say - on Thursday, July 28, 2016, at 11:00 hours). The deadline for delivering voting papers to the Company for a shareholder who is entered in the register of shareholders is up to six hours before the date of the meeting (that is to say - on Thursday, July 28, at 09:00 hours).

Voting through an electronic voting paper:

Shareholders who are not entered in the Company's register of shareholders may vote on a resolution that is on the agenda as detailed above also through a voting paper that shall be sent via the electronic voting system (hereinafter - the "**electronic voting system**"). The electronic voting paper is opened for voting at the end of the determining date. Voting through the electronic voting system shall come to an end six hours prior to the date of the meeting (that is to say - Thursday, July 28, 2016, at 09:00 hours), when the electronic voting system will be closed.

Quorum and adjourned meeting:

The quorum for commencement of the discussion at the general meeting is two shareholders present in person or by proxy or who have sent the Company a voting paper stating their vote, and who jointly hold or represent 25% (twenty five percent) of the voting rights in the Company. If a quorum is not present within half an hour of the time fixed for the meeting, the meeting shall be adjourned for one week to the same day, time and place, without further notice. If a quorum is not present at the adjourned meeting as aforesaid, at least one shareholder present at the meeting, in person or by proxy, shall constitute a quorum.

Inspection of documents:

The text of the proposed resolution, declaration of the candidate for external director and the immediate report may be viewed at the Company's offices on Sundays to Thursdays during ordinary working hours, up to the date of the meeting and by prior arrangement with the Company's secretary, Adv. Sarit Perlmutter-Sugarman (tel. 09-8631103, fax. 09-8640857), and on the distribution site of ISA and the website of TASE at the addresses noted above.

The Company