

**ZION OIL & GAS, INC.**  
**EXECUTIVE OFFICER AND BOARD DIRECTOR**  
**EQUITY RETENTION GUIDELINES**

The Zion Oil & Gas Board of Directors (“Board”) believes it is important that our executives and board members be incentivized to focus on long-term stockholder value to ensure the executives’ and board members’ interests are aligned with those of our stockholders. Best practice also dictates that non-employee directors maintain a meaningful level of share ownership by a certain time after appointment to better align their interests with those of stockholders. Accordingly, the Board has adopted these *Executive Officer and Board Director Equity Retention Guidelines* to further align the interests of our executives and directors with the interests of our stockholders and to promote our commitment to sound corporate governance.

**Executive Officer**

Under equity retention guidelines implemented by the Board, the Chief Executive Officer (“CEO”) and each of the other Named Executive Officers (“NEOs”) are encouraged to accumulate, within five years from the later of the date the guidelines were implemented or the date he or she became CEO or a NEO, and thereafter to retain for the duration of employment a minimum level of company equity. While this is a range that represents a meaningful amount that aligns the CEO and NEOs with the shareholders, there are circumstances that could allow deviation from these encouraged parameters, including but not limited to the requirement for the Compensation Committee’s approval of any stock or option grants permitted. The encouraged cumulative minimum level of equity for the CEO is equal to three times base salary and the cumulative minimum level of equity for the other NEOs is equal to two times base salary. Equity that counts toward the ownership requirement includes: (1) shares owned outright by the CEO or the NEO or beneficially owned by the CEO or the NEO by virtue of being held by a member of the CEO’s or the NEO’s immediate family residing in the same household or in a trust for the benefit of the CEO or the NEO or immediate family members residing in the same household; (2) shares held in qualified plans or IRAs; (3) vested shares (or vested restricted stock units) deemed to be held in non-qualified plans; (4) the in-the-money portion of vested stock options; and (5) unvested time-based restricted shares (or restricted stock units).

These ownership guidelines are reviewed annually during the week of the date of the annual meeting of stockholders based on the applicable annual base salary in effect on such annual date. The value of a share will be measured on the date of our annual meeting of stockholders each year based on the average closing price over the 30 calendar days preceding the date of review. Such reviewed ownership levels will be reported to the Nominating and Corporate Governance Committee.

The CEO and the NEOs are encouraged to achieve the applicable level of share ownership within five years of the later of the date the guidelines were adopted or the date the person first became a CEO or a NEO. Until the minimum level of company equity is achieved, a CEO or a NEO is barred from selling or otherwise transferring beneficial ownership of more than one-half of (1) the vested after-tax shares of our common stock obtained as a result of the

vesting of any restricted stock or restricted stock award made after implementation of the equity retention guidelines or (2) the shares of the Company's common stock subject to the vested portion of any stock option award made after implementation of the equity retention guidelines, net of any shares surrendered or sold to cover exercise price and/or income tax resulting from the exercise and gifting, or net of any shares transferred to family owned trusts.

Our stock ownership guidelines may be waived at the discretion of the Board or the Nominating and Corporate Governance Committee, if compliance would create undue hardship or prevent a CEO or a NEO from complying with a court order, as an example, in a divorce settlement.

### **Board Director**

Directors are encouraged to achieve a level of share ownership equal to two times board fees within five years of the later of the date the guidelines were adopted or the date the person first became a Director. All other stock ownership guidelines that apply to NEOs apply to Directors.

**Board Adoption Date: March 17, 2018**