



OIL REFINERIES \$50 MILLION INVESTMENT IN UPGRADING REFINING UNIT TO INCREASE REFINING FLEXIBILITY

Upgrade will enable refining broader variety of crude oils, increasing utilization rates

Haifa, Israel, August 16, 2007 - Oil Refineries Ltd. (TASE: ORL.TA) (the "Company"), Israel's largest oil refiner, announced today that its Board of Directors has approved a \$50 million investment in upgrading its largest crude refining unit, in order to broaden the variety of crude oils the unit will be able to refine. This process is expected to be completed during the first six months of 2009.

Following completion of the project, the Company will be able to refine heavier types of crude oils, when the margins of these increase, and refine low and medium density crude oils, when the refining margins of the latter rise, this, while maintaining smooth transition from one crude oil type to another, without unit shut-downs or loss of operation days. This increased flexibility will improve the unit's utilization level.

For additional information on the project please see sections 1.6.15.4 and 1.6.33, under Description of the Company's Business included in the company's Periodic Report for 2006, available on the Company's website.

About Oil Refineries Ltd.

Oil Refineries Ltd. (ORL), located in the bay area of the city of Haifa, is Israel's largest oil refinery. ORL operates sophisticated and state-of-the-art industrial facilities with refining capacity of 9 million tons of crude oil per year, with a Nelson complexity index of 7.4, providing a variety of quality products used in industrial operation, transportation, private consumption, agriculture and infrastructure. The company is also active in the area of Aromatics and Polymers through wholly-owned Gadiv Petrochemical Industries Ltd. and 50% owned Carmel Olefins Ltd. ORL is traded on the Tel Aviv Stock Exchange under the ticker ORL. For additional information please visit the Company's website: www.orl.co.il

Contacts

Company Contact:

Jacob Hirsh
CFO, Oil Refineries
Tel. +972 4 878 8115
jhirsh@orl.co.il

Investor Relations Contact:

Ehud Helft \ Fiona Darmon
GK Investor Relations
Tel. 1 866 704 6710 \ +972 54 566 3221
info@gkir.com