



## Update with Regards to Interim Decisions of the Independent Committees

August 9, 2016

Tel Aviv, August 9, 2016. Delek Group (TASE: DLEKG, US ADR: DGRLY).

Avner Oil Exploration Limited Partnership and Delek Drilling Limited Partnership (together: "**the Partnerships**") have announced That further to the appointment of an independent board committees (the "**Committees**") for examination of the possibility of a restructuring of the Partnerships by way of a merger, Further to discussions held by the Committees over the last months with respect to a merger transaction, whereby one partnership (the "**Target Partnership**") shall be merged with and into the second partnership (the "**Surviving Partnership**"), such that all of the assets and liabilities of the Target Partnership shall be transferred and granted to the Surviving Partnership, and consequently the Target Partnership shall be liquidated without dissolution, and the limited partner in the Surviving Partnership shall issue participation units to the holders of the participation units in the Target Partnership in consideration for the participation units held thereby, the Partnerships received, on August 4, 2016 notice from the Committees of the main principles of which are as follows:

1. Merger of the Partnerships is in their best interests.
2. It has been decided to recommend to the Audit Committee and the Board of Directors of the general partner of the Partnerships that the Surviving Partnership will be the Delek Drilling Limited Partnership and the Target Partnership will be the Avner Oil Exploration Limited Partnership.
3. It has been decided that the conversion ratio that the Committee shall recommend to the Audit Committee and the Board of Directors of the general partner of the Partnerships will be one participation unit of the Delek Drilling Limited Partnership per 5.32 participation units of the Avner Oil Exploration Limited Partnership (1:5.32).

According to the Committee's notice, during the upcoming period the Committee intends to act, together with the independent committees of the Partnerships and their legal advisors, for the formulation of final and agreed language of a merger agreement, and for the formulation of final recommendations in connection with the merger process and presentation thereof for the approval of the competent organs at the Partnerships.

If and insofar as language of a merger agreement is formulated, the final recommendations of the committees, which include the merger agreement, shall be presented for the approval of the audit committees, the boards of directors of the general partners of the Partnerships and the general meetings of the holders of the participation units, at each one of the Partnerships. It is noted that the closing of the merger will be contingent on receipt of additional approvals.

It is clarified that there is no certainty that all of the said consents and approvals shall be received, and there is no certainty that the merger will be closed, whether according to the principles stated above or in any other format.

For more information please see the immediate reports as published on TASE:

<http://mayafiles.tase.co.il/>