

**Delek Group & Ithaca Energy Limited Announce  
the Acquisition of Chevron North Sea Limited**

**30 May 2019**

Delek Group (TASE: DLEKG, US ADR: DGRLY) and Ithaca Energy Limited (“Ithaca” or the “Company”) are pleased to announce that Ithaca is to acquire Chevron North Sea Limited (“CNSL”) for \$2 billion. The transaction will add a further ten producing field interests to the existing Ithaca portfolio, four of which relate to assets operated by the Company, resulting in an approximately 150% increase in the proven and probable (“2P”) reserves of the Company and a 300% increase in forecast 2019 production.

Pro-forma the transaction, Ithaca’s asset base is estimated to consist of 2P reserves of approximately 225 million barrels of oil equivalent<sup>1</sup> (“MMboe”) plus a further 45 MMboe<sup>2</sup> of proven and probable contingent (“2C”) resources associated primarily with additional near-field development and infill drilling opportunities. The enlarged portfolio, encompassing 18 producing field interests in total, is forecast to deliver pro-forma 2019 production of approximately 80,000 barrels of oil equivalent per day (60% liquids) at an operating cost of approximately \$17 per barrel of oil equivalent.

As part of the transaction approximately 500 employees will transfer to the Company, of which around 200 work offshore on the operated assets.

With the addition of the high quality, long life assets that characterise the CNSL portfolio, the acquisition delivers upon a number of key strategic objectives of the Company and establishes Ithaca as the second largest independent oil and gas producer in the UK North Sea. The transaction provides a material step up in the scale and breadth of the Company’s producing asset base, establishes a wider portfolio of investment opportunities from which to grow the future cashflows of the business and enables accelerated monetisation of Ithaca’s existing \$2.2 billion of UK tax allowances.

The transaction has an effective date of 1 January 2019 and is expected to complete around the end of the third quarter of 2019 following approval of the acquisition by the UK Oil and Gas Authority. Taking into account the interim period cashflows that are forecast to be generated by CNSL from the effective date, it is anticipated that the price payable at completion will be around \$1.65 billion, subject to adjustments for the transfer of working capital.

Ithaca is a wholly owned subsidiary of the Tel Aviv stock exchange listed Delek Group Limited (“Delek”), Israel’s leading integrated energy company. The acquisition will be funded through an upsized \$1.65 billion Reserve Based Lending (“RBL”) senior debt facility, a \$700 million acquisition debt financing facility, an equity investment by Delek and existing cash resources of the Company. Ithaca’s existing \$300 million term loan and associated Delek guarantees will be retired as part of this refinancing.

JP Morgan is acting as financial adviser to the Company in relation to this transaction. The RBL facility has been fully underwritten by BNP Paribas and the acquisition debt financing has been jointly underwritten by JP Morgan and BNP Paribas.

**Les Thomas, Ithaca Energy CEO, commented:**

*“The acquisition of CNSL is a significant step forward in the long term development of Ithaca Energy and underlines our belief in the North Sea, particular in the UK Central North Sea where the enlarged business will own a range of interests in a number of key producing assets.*

*We are very pleased to be acquiring a high quality portfolio of assets and experienced operational organisation that fits well with our existing business. Like our current portfolio, the production and reserves base is heavily weighted towards operated asset positions, which provides us with the ability to actively prioritise and unlock the full potential of the business. We are excited about establishing an enlarged organisation with a dynamic and innovative culture based on a continued commitment to safe and efficient operations. We look forward to working with our new colleagues to develop and grow the business and continue engaging with our contractors and the broader supply chain to deliver a successful future.”*

**Asi Bartfeld, Delek Group CEO, added:**

*“The acquisition is a key part of the Delek Group’s strategic focus on building a world class E&P business. Acquiring CNSL accelerates implementation of that strategy and further strengthens the Group’s oil and gas business. We see exciting growth opportunities in the North Sea and are looking forward to working with Ithaca to deliver upon our value and growth targets.”*

**Additional Information**

The following table summarises the producing field interests being acquired as part of the transaction.

Field	Operator	Acquired Interest	Hydrocarbons
Captain	CNSL	85%	Oil
Alba	CNSL	23.37%	Oil
Erskine	CNSL	50%	Gas-Condensate
Alder	CNSL	73.68%	Gas-Condensate
Britannia	ConocoPhillips <sup>3</sup>	32.38%	Gas-Condensate
Brodger	ConocoPhillips <sup>3</sup>	6.25%	Gas-Condensate
Callanish	ConocoPhillips <sup>3</sup>	16.5%	Oil
Enochdhu	ConocoPhillips <sup>3</sup>	50%	Oil
Elgin / Franklin	TOTAL	3.90%	Gas-Condensate
Jade	ConocoPhillips <sup>3</sup>	19.93%	Gas-Condensate

Following completion of the transaction, Chevron will provide the security and remain financially responsible for the decommissioning obligations of CNSL in respect of its interests in the Heather and Strathspey fields and the Cambo exploration well.

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the Company's current internal expectations, estimates, projections, assumptions and beliefs, including, among other things, assumptions with respect to production, drilling, construction and maintenance times, well completion times, risks associated with operations, future capital and operating expenditures, financing activities, continued availability of financing for future capital expenditures, future acquisitions and dispositions and cash flow, required regulatory, partner and other third party approvals. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Such statements are not promises or guarantees and are subject to known and unknown risks, uncertainties and other factors that are in many cases beyond the control of the Company or CNSL and that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Past performance of the Company or CNSL cannot be relied on as a guide to future performance. The Company believes that the expectations reflected in those forward-looking statements are reasonable at the date of this press release but no assurance can be given that these expectations, or the assumptions underlying these expectations, will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. Ithaca expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based except as required by applicable securities laws.