



Title Update on Prospective Resources Report for Trial well Tau-1

Tel Aviv, June 30, 2019. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") further to what was stated in section 1.8.6(c)(2) of the Company's 2018 Periodic Report that was published on March 31, 2019 (ref. no. 2019-01-029344), the Company's Immediate Report dated May 13, 2019 (ref. no. 2019-01-2019) concerning the exploratory well for the Tau prospect in Blocks 336 and 351 in the Ship Shoal area in the Gulf of Mexico, a Prospective Resources Report of the Tau rights in the areas where the Tau prospect is located ("the Rights" and "Tau Prospect", respectively) following the end of drilling operations at this time at the Tau-1 Well¹.

The attached Prospective Resources Report is based inter alia on data from the Tau-1 well, where drilling has now been stopped, from the results of reprocessing (2018) of the seismic survey, data from nearby oil and gas fields and wells, and on geological and engineering information from the region and around the world. On account of these the targets of the Tau prospect have been redefined and re-characterized.

According the report the Company has received from Netherland, Sewell & Associates Inc. ("NSAI" or "the Appraiser"), which was prepared according to the SPE-PRMS rules, as of June 1, 2019 and which is attached as appendix A to this report ("NSAI Report"). The prospective resources in the rights in which the Tau Prospect is located, including six main target layers, as detailed below:

Target layer		Total Oil Asset (Gross)			Total share of Company ² (Net)		
		Low Estimate (1U)	Best Estimate (2U)	High Estimate (3U)	Low Estimate (1U)	Best Estimate (2U)	High Estimate (3U)
M1 Lower	Oil MMBBL	2.8	8.3	19.0	2.1	6.2	14.3
	Gas BCF	4.7	14.1	32.3	3.5	10.5	24.2
	MMBOE	3.6	10.7	24.4	2.7	8.0	18.3

¹ On June 6, 2019 the well operator, Gulf Slope Energy, ("the Operator") completed all the (temporary) plugging works at the well and the Ralph Coffman drilling platform left the drilling area and the rental contract for it was terminated. The formal name of the well is SS336-1.

² The calculation is made at the participation percentage of 75%.

Target layer		Total Oil Asset (Gross)			Total share of Company ² (Net)		
		Low Estimate (1U)	Best Estimate (2U)	High Estimate (3U)	Low Estimate (1U)	Best Estimate (2U)	High Estimate (3U)
M1A	Oil MMBBL	9.0	28.1	74.2	6.7	21.1	55.6
	Gas BCF	15.3	47.7	126.1	11.4	35.8	94.6
	MMBOE	11.6	36.1	95.2	8.6	27.1	71.4
M3	Oil MMBBL	8.5	29.1	71.2	6.4	21.8	53.4
	Gas BCF	14.4	49.5	121.1	10.8	37.1	90.8
	MMBOE	10.9	37.4	91.4	8.2	28.0	68.5
M4	Oil MMBBL	4.6	18.0	51.2	3.5	13.5	38.4
	Gas BCF	7.9	30.7	87.1	5.9	23.0	65.3
	MMBOE	5.9	23.1	65.7	4.5	17.3	49.3
M5	Oil MMBBL	11.0	48.3	151.7	8.3	36.2	113.8
	Gas BCF	18.7	82.1	258.0	14.1	61.6	193.5
	MMBOE	14.1	65.0	194.7	10.7	46.5	146.1
M6	Oil MMBBL	13.4	53.0	163.3	10.1	39.8	122.5
	Gas BCF	22.8	90.1	277.6	17.1	67.6	208.2
	MMBOE	17.2	68.0	209.6	13.0	51.1	157.2

1. The Resources Report was prepared inter alia based on data from the Tau-1 well, the D3 seismic survey carried out in 2003-2005 by TGS, which were reprocessed in 2018, and based on data from nearby production fields and wells, and on geological and engineering information from the area and around the world.
2. Below are the basic parameters for calculating the various scenarios:

Parameter	Area (acres)		Average Net Thickness (Feet)		Porosity (decimal)	
	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
M1 Lower	377	1,026	25	75	0.28	0.32
M1A	311	1,254	100	250	0.27	0.31
M3	551	1,380	50	250	0.23	0.27
M4	271	1,102	50	250	0.23	0.27
M5	672	3,831	50	250	0.21	0.25
M6	813	4,009	50	250	0.21	0.25

Parameter	Saturation (decimal)		Formation Volume Factor (RB/STB) ³		Recovery Factor (decimal)	
	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
M1 Lower	0.70	0.80	1.77	1.77	0.15	0.45
M1A	0.70	0.80	1.76	1.76	0.15	0.45
M3	0.70	0.80	1.76	1.76	0.15	0.45
M4	0.70	0.80	1.76	1.76	0.15	0.45
M5	0.70	0.80	1.76	1.76	0.15	0.45
M6	0.70	0.80	1.76	1.76	0.15	0.45

³ The ratio between the volume of a barrel at the field and the volume of a barrel at the surface.

3. Material risks associated with continuation of the process

The material risks involved in this stage of operations in the rights are related to the risks that the rights will not be extended by the regulator, since the partners in the rights will decide for various reasons not to continue with the exploratory and development process in them, and/or will not succeed to meet the timetable required to retain the rights. In addition, if a decision is taken to carry out additional drilling in the rights, there are technical and operative risks, including those related to problems in the drilling. If the technical and operational actions will be completed, the risks in the continuation of the process required to reach commercial findings are, inter alia, that the features of the field and/or the oil and gas in it, if found, will not be high enough to allow a commercially viable flow, costs of developing the prospect, and others.

4. Estimated probability of success of each of the risk factors involved in the oil exploration process, and the probability of overall geological success, according to the Appraiser's report, are as follows:

Target layer	Parameter / Probability of success (in %)				Total probability of success
	Trap Integrity	Reservoir Quality	Source Evaluation	Timing / Migration	
M1	70	90	100	80	50
M1A	70	90	100	80	50
M3	65	70	100	80	36
M4	70	70	100	80	39
M5	50	60	100	70	21
M6	50	60	100	70	21

5. Estimate of the probability of development for commercial production:

AS of this report date, the Company cannot provide a reliable statistical estimate of the probability of developing the Tau Prospect for commercial production. Furthermore, in the Resources Report it is stated that assuming there will be a discovery in the drilling and based upon the development of similar oil and gas fields in the area and around the world, the prospective resources in the Best Estimate category have a reasonable chance of becoming commercially viable. The potential market for these resources is mainly the local market (USA) and also the international one, and therefore the Company will assess in the future, if there will be drilled at the Prospect an additional well in which oil and natural gas will be discovered in commercial quantities, various alternatives to commercialize the findings. It should be noted that as part of assessing the potential for commercial production, if and when there shall be such, the possibility of combining development of the discovery, if there will be

one, together with the development of nearby oil and gas fields will be assessed.

6. Reasons of the Company concerning the basis for the basic parameters employed in the calculation of the scenarios:

The parameters used in the calculation of the various estimates are based, inter alia, on the results of the Tau-1 Well, where drilling has been stopped at this time at a depth of 15,254 feet, on the recommendation of the Operator of the Well, Gulf Slope Energy, on the 2018 seismic survey and the results of the reprocessing, on data from nearby oil and gas wells, and on geological and engineering information from the area and around the world.

Warning - there can be no certainty that any part of the prospective resources mentioned will be discovered. If they are discovered, there is no certainty that it will be possible commercially to produce anything from the resources. The prospective information is not an assessment based on reserves and contingent resources that will only be able to be assessed after a test drilling, if at all.

7. Comparison between details about the prospective resources reported in the NSAI report of January 4, 2018 ("the Previous Report") and the details provided in this report

Based on an analysis of the results from the Tau-1 well and based on the reprocessing (2018) of the seismic survey, whose results were received during drilling works at the Tau-1 well, the targets of the Tau prospect have been redefined and re-characterized:

Target M1 has been divided into two parts, upper and lower, with the upper part having been drilled at the Tau-1 Well and found not to contain oil and gas in quantities that justify commercial production. Therefore, the quantity of prospective resources in the lower part (M1 Lower), which have not yet been drilled, is 3.6 MMBOE at the low estimate, 10.7 MMBOE at the best estimate (1U), 10.7 MMBOE at the best estimate (2U), and 24.4 MMBOE at the high estimate (3U), as compared with the values of 15.4, 55.9 and 136.6 MMBOE that were reported for the entire target MI (upper and lower) in the Previous Report.

The area of target M1A has been significantly reduced on account of the findings of the processing of the seismic survey and the drilling; having said which, the quality of sands discovered at the Tau-1 Well was better than expected. Accordingly, the quantity of prospective resources in the lower estimate (1U) has been reduced from 13.4 to 11.6 MMBOE, but has grown from 34.1 to 36.1 MMBOE in the better estimate (2U), and has grown from 76.3 to 95.2 MMBOE in the high estimate (3U).

The area of target M3 has been significantly reduced on account of the findings of the processing of the seismic survey and the drilling; having said which, the quality of sands discovered at the Tau-1 Well was better than expected. Accordingly, the quantity of prospective resources in the lower estimate

(1U) has grown from 9 to 10.9 MMBOE, from 20.5 to 37.4 MMBOE in the better estimate (2U), and has grown from 34.0 to 91.4 MMBOE in the high estimate (3U).

The area of target M4 has grown significantly on account of the findings of the processing of the seismic survey and the drilling; and in addition the quality of sands discovered at the Tau-1 Well was better than expected. Accordingly, the quantity of prospective resources in the lower estimate (1U) has grown from 2.4 to 5.9 MMBOE, from 7.2 to 23.1 MMBOE in the better estimate (2U), and from 16.0 to 65.7 MMBOE in the high estimate (3U).

Targets M5 and M6 were initially defined based on the results of the reprocessing (2018) of the seismic survey, and therefore in the present prospective resources report there has been added to the Tau Prospect 14.1 and 17.2 MMBOE in the lower estimate 62.0 (1U) and 68.1 MMBOE in the better estimate (2U), and 194.7 and 209.6 MMBOE to the high estimate (3U).

Warning of forward looking information - the NSAI estimates concerning the prospective resources in the Tau Prospect are forward looking information in the meaning of the Securities Law. The above estimates are based inter alia on geological, geophysical and other information available to NSAI and from the operator of the rights, and are professional assessments and estimates of NSAI alone, for which there is no certainty. The volumes of natural gas that will be extracted in practice (if extracted), are likely to be different from the above assessments and estimates, inter alia as a result of operational and technical conditions and/or regulatory changes and/or supply and demand conditions in the natural gas market and/or market conditions and/or from actual operations in the reservoir. The above assessments and estimates are likely to be updated as additional information is gathered and/or as a result of an ensemble of factors related to exploration and production projects of oil and natural gas.

8. In the report NSAI has noted, inter alia, a number of assumptions and reservations, including: 1) NSAI has not examined the economics of the Prospect; 2) NSAI has not visited the Prospect site; 3) NSAI has not assessed the possible exposure arising from environmental issues. Furthermore, NSAI has noted that as of the report date it was not known of any possible liability concerning environmental issues that might materially impact on the amount of resources estimated in the report or their degree of commerciality;

The Company declares that all the above data has been prepared in accordance with the Petroleum Resources Management System (SPE-PRMS).

9. Expert opinion of the assessor:

Attached to this report is the prospective resources report prepared by NSAI ("Appendix A"), as of June 2, 2019 and NSAI's agreement to include it with this report is attached as "Appendix B".

10. Management Declaration

Date of declaration: June 30, 2019

Company name: Delek Group Ltd;

Name of officer for resources estimate: Asaf Bartfeld, President & CEO;

We hereby declare that all the required information has been provided to the appraiser for him to carry out his work;

We hereby declare that no information has been made to known to us of any dependence between the appraiser and the Company;

We hereby declare that to the best of our knowledge the resources reported are the best and most correct estimates we have;

We hereby declare that the data included in this report has been prepared in accordance with the professional terminology in Chapter 7 of the Third Addendum to the Securities Regulations (Details of Prospectus and Prospectus Draft - Structure and Form), 1969, and with the meaning accorded them in the Petroleum Resources Management System (2007) as published by the Society of Petroleum Engineers (SPE) and the American Association of Petroleum Geologists (AAPG), the World Petroleum Council (WPC), and the Society of Petroleum Evaluation Engineers (SPEE), as valid at the date of the report.

We hereby confirm that no change has been made in the identity of the Appraiser who carried out the latest disclosure of resources as published by the Company;

We hereby agree to the inclusion of the above declaration in this report.

Asaf Bartfeld, President & CEO

11. Technical terms

Hydrocarbons - carbons, a generic name for oil and gas, which are coal and hydrogen compounds.

Lease - as defined in the Petroleum Law.

Commercial volumes - a volume of gas and/or oil that is sufficient for commercial production.

Petroleum Resources Management System (2007) - (SPE-PRMS) – a system for reporting assessments of oil reserves and resources, as published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists (AAPG), the World Petroleum Council (WPC) and the Society of Petroleum Evaluation Engineers (SPEE) and as revised from time to time

Contingent Resources - defined by the PRMS as quantities of hydrocarbons that on a given date could be produced from known reservoirs through implementation of a development plan, but have still not been deemed producible in economic terms, for one reason or another.

Prospective Resources - defined under the Petroleum Resources Management System (SPE-PRMS) as estimated quantities of oil, at a given time, that are potentially recoverable from reservoirs that have not yet been discovered/drilled, by executing future development plans.

Oil asset – the lease, direct or indirect, in a preliminary permit, license or lease; in another country – the lease, direct or indirect, in a similar right granted by a competent party. The oil asset is also regarded as the right to receive benefits arising from the lease, direct or indirect, in the oil asset or in a similar right (as the case may be).

Oil – any petroleum fluid, whether liquid or gaseous and includes oil, natural gas, natural gasoline, condensates and (carbons) hydrocarbons and also asphalt and other solid petroleum hydrocarbons when dissolved in and producible with fluid petroleum.

Reserves - defined under the Petroleum Resources Management System (SPE-PRMS) as the volumes of oil estimated to be recoverable by executing a development plan for discovered deposits from a certain date onwards, under defined conditions. Reserves are required to meet four conditions: (1) they must be discoverable; (2) recoverable; (3) commercially viable and regular (from assessment date); (4) based on the executed development project.

Trial Well or **Exploratory Well** - a well that is drilled for the purpose of proving the existence of oil in the prospect and for calibrating the geological model that led to it being drilled. This is the essence of exploration activity. Depending on the size and complexity of the field, there may be more than one exploratory well in the field.

Confirmation Well or **Appraisal Well** - a well that is drilled with the aim of verifying the size, quality and continuity of the oil field discovered through a successful exploratory well. The appraisal phase of the field formally ends when a final investment decision is made to develop the field.

License: as defined in the Petroleum Law.

Oil field - an accumulation or accumulations of oil under the surface of the soil, which is usually composed of reservoir rock covered by a seal layer. The term is usually used to specify reservoirs that may be economically feasible for production.

Petroleum; Discovered; Discovery; Proved Reserves; Probable Reserves; Possible Reserves; Low Estimate; Best Estimate; High Estimate; 1C, 2C, 3C contingent resources; On Production; Approved for Development; Justified for Development; Development Pending; Development Unclassified or on Hold; Well Abandonment; Development not Viable; Dry Hole; 1P/2P/3P reserves - as defined in SPE-PRMS.

BCF - billions of cubic feet, which is 0.001 TCF or 0.0283 BCM.

MMCF - millions of cubic feet, which is 0.001 BCF or 0.0003 BCM.

MMBBL - million barrels

MMBOE - million barrels oil equivalent

Percentage holdings in the rights in the Tau prospect area are as follows:

Delek GOM Investments LLC	75%
GulfSlope Energy, Inc.	20%
Texas South Energy, Inc.	5%
	<hr/> 100%

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on June 30, 2019.

About The Delek Group

Delek Group is an independent E&P and the pioneering visionary behind the development of the East Med. With major finds in the Levant Basin, including the Leviathan (21.4 TCF) and Tamar (11.2 TCF) reservoirs and others, Delek is leading the region's development into a major natural gas export hub. In addition, Delek has embarked on an international expansion with a focus on high-potential opportunities in the North Sea and North America. Delek Group is one of Israel's largest and most prominent companies with a consistent track record of growth. Its shares are traded on the Tel Aviv Stock Exchange (TASE:DLEKG) and are part of the TA 35 Index.

For more information on Delek Group please visit www.delek-group.com

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