



Completion of the Purchase of Chevron North Assets and Marketing Agreements with BP Oil International

November 10, 2019

Tel Aviv, 10 November, 2019. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") announces that the transaction to purchase Chevron North Sea Ltd has been completed.

Further to the Company's Immediate Report dated May 30, 2019 (ref. no. 2019-01-053338), the Immediate Report dated June 16, 2019 (ref. no. 2019-01-050610) and the Immediate Report dated August 12, (ref. no. 2019-01-068808), and to section B.1.B of Chapter A of the Company's Quarterly Report to June 30, 2019 concerning Ithaca Energy (UK) Limited, an indirectly wholly owned (100%) subsidiary of the Company ("**Ithaca**") entering into a contract with Chevron North Sea Holdings Ltd, for the acquisition of 100% of the shares of Chevron North Sea Limited ("**CNSL**"), which owns ten producing oil and gas fields in the UK North Sea, as well as production, treatment, and storage facilities, ("**the Transaction**") and "**the Acquired Assets**", respectively), and further to the Immediate Report dated July 17, 2019 (ref. no. 2019-01-073426) and July 18, 2019 (ref. no. 2019-01-074434) concerning entering into an agreement to provide a Reserves Based Lending (RBL) facility of USD 1,650 million ("**RBL Financing**") and the issue of debentures for USD 500 million ("**the Debentures**"), the Company provides an update as follows:

1. On November 8, 2019 ("**Completion Date**") the Transaction was completed and the consideration was transferred, after all the contingent conditions were fulfilled for the Transaction, as stipulated in the aforementioned reports. As part of completion of the Transaction, the Seller transferred to Ithaca ownership of the entire share capital of CNSL. Ithaca paid the Seller consideration that came, after deduction of the funds accumulated at CNSL since 1.1.2019, to USD 1.477 billion (not including a deposit of USD 200 million deposited at the date of signature of the purchase agreement). In addition, amount of USD 50 million was paid for working capital. As part of the transaction, the Company's existing Guarantee to Ithaca in the amount of USD 300 million, as stated in section 1.8.19 of the Company's Periodic Report as of March 31, 2019 (ref. no. 2019-01-029344) is canceled.
2. From the Completion Date, Ithaca took on itself all the rights and liabilities of CNSL in respect of the Acquired Assets, including oil assets. Ithaca provided guarantees (letters of credit), funded by the RBL financing, for CNSL's decommissioning obligations for the Acquired Assets, in place of the collateral provided by CNSL or its associated companies.
3. In parallel with completion of the Transaction, companies in the Ithaca Group also signed agreements with companies in the BP group for the distribution and marketing of gas and oil from the Acquired assets for a period of five years.
4. Funding of the consideration of the Transaction and the additional capital Ithaca requires for completion of the Transaction is based mainly on the following sources of finance: (1) RBL Financing, as stated in the Company's report dated July 17, 2019 of USD 1,100 million (of which approximately USD 600 million has been used to refinance Ithaca's existing debt); (2) issue of Debentures as detailed in the Company's report dated July 18, 2019 for USD 500 million; (3) financing of USD 200 million made available to DKL Energy Ltd ("**DKL**"), a wholly owned subsidiary of the Company, from BNP Paribas ("**the Loan**"), which will be repaid at the date of listing of Ithaca's business on the London Stock Exchange or within 18 months, whichever is the earlier. DKL has the right to make early repayment subject to the terms defined in the Loan agreement. Shares in companies that own Ithaca have been pledged as security for the Loan. The Loan is at limited recourse terms to Delek Group; (4) the balance, including the deposit at date of signature of the agreement, has been paid from the Company's and Ithaca's own sources. This takes the place of the existing Guarantee provided by the Company's to Ithaca, which as stated above, was canceled.
5. It should be noted that according to their strategy, the Company and the Ithaca Group continue to negotiate with investors following completion of the current Transaction. Such investments in the Ithaca Group would be made in a pre IPO framework, in advance of the planned offering of Ithaca's business on the London Stock Exchange. The Company will report on these negotiations in accordance with progress as required by law.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on November 10, 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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