



## **Letter of Intent to Export Natural Gas from the Leviathan Project for Consumers in Egypt**

**Tel Aviv, November 25, 2015. Delek Group (TASE: DLEKG, US ADR: DGRLY)** ("the Company") announces that attached is an Immediate Report just published by Avner Oil Exploration Limited Partnerships and Delek Drilling Limited Partnerships ("the Partnerships") concerning a Letter of Intent for the export of natural gas from the Leviathan Project to Egyptian consumers.

Pursuant to what was stated in section 7.14.2 of the Partnerships' Periodic Report to December 31, 2014 that was published on March 18, 2015 (ref. no. 2015-01-054505, 2015-01-054526) ("the Periodic Report") in respect of contacts and/or negotiations between the Leviathan project partners including the Partnerships ("the Leviathan Partners") with various parties in respect of exporting natural gas from the Leviathan Project, the Partnerships announce as follows:

On November 24, 2015 a non-binding letter of intent was signed between the Leviathan Partners and Dolphinus Holdings Limited ("Letter of Intent" and "the Buyer", respectively), in which the parties confirmed their intention to carry out negotiations on an agreement for the supply of natural gas ("the Binding Agreement") from the Leviathan Project to the Buyer using the existing gas pipeline operated by East Mediterranean Gas Limited ("EMG").

The Letter of Intent includes several commercial conditions for the proposed potential transaction, which will serve as a basis for negotiating the Binding Agreement. The estimated scope of the Binding Agreement is the supply of 4 BCM (billion cubic meters) per annum for a period of 10-15 years. The parties' intention is that the natural gas be transported using the transmission system of Israel Natural Gas Lines Ltd ("Natgaz") to Ashkelon and from there to the local market in Egypt using the existing pipeline operated by EMG.

The price of gas that is set in the Letter of Intent is similar to the prices set in other agreements for the export of gas from Israel to regional markets and is essentially based on a formula that includes linkage to the price of a barrel of Brent oil and includes a "floor price".

According to the Letter of Intent, the Binding Agreement (if it will be signed) will be subject to several contingent conditions, including approval of the development plan for the Leviathan field and final investment decision (FID) by the Leviathan Partners, signing of a transmission agreement between the Leviathan Partners and Natgaz, signing of a transmission agreement between the Buyer and EMG that will facilitate the transmission of gas to Egypt using the EMG pipeline, receipt of the approvals required from the authorities in Israel including the required approvals according to the Anti Trust Law, and receipt of the approvals required from the authorities in Egypt. It is stipulated that the Letter of Intent is not binding and the transaction described above shall be subject to completion of negotiations between the parties and signing of the Binding Agreement.

To the best of the Partnerships' knowledge, the Buyer represents a consortium of major Egyptian non-governmental industrial and commercial gas consumers, gas distributors and entrepreneurs.

It should be noted that the Binding Agreement, if it is signed, is in addition to the supply agreement signed between the Buyer and the Tamar Project partners, including the Partnerships, as stated in section 7.13.5(A)(3) of the Periodic Report.

It is also stipulated that the above Letter of Intent and the Binding Agreement (if signed) are in addition to the negotiations of the Leviathan Partners with BG International Limited and National Electric Power Company Limited as stated in section 7.13.5(B) of the Periodic

Report, and that the parties are working to complete the negotiations and to formulate binding agreements.

**Disclaimer concerning forward looking information** - the information stated above concerning the possible signing of the Binding Agreement, the terms of the Binding Agreement and the quantities of natural gas likely to be included in it, are forward looking information in the meaning of the term in section 32a of the Securities Law, 1968, for which there can be no certainty that it will take place, in whole or in part, in the manner stated or in any other manner, and it may take place in a manner materially different from what is described above, and in particular there can be no certainty that the parties shall reach agreement on the terms of the Binding Agreement, that the Binding Agreement shall be signed according to the terms stipulated above or according to other terms, and there can be no certainty that all the contingent terms that shall be set in the Binding Agreement, if it shall be signed, will be fulfilled.

**Partners in the Leviathan Project and their percentage holdings are as follows:**

Noble Energy Mediterranean Ltd.	39.660%
Avner Oil Exploration - Limited Partnership	22.670%
Delek Drilling Limited Partnership	22.670%
Ratio Oil Exploration (1992), Limited Partnership	15.000%

**This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on November 25, 2015.**

**About The Delek Group**

The Delek Group, Israel's dominant integrated energy company, is the pioneering leader of the natural gas exploration and production activities that are transforming the Eastern Mediterranean's Levant Basin into one of the energy industry's most promising emerging regions. Having discovered Tamar and Leviathan, two of the world's largest natural gas finds since 2000, Delek and its partners are now developing a balanced, world-class portfolio of exploration, development and production assets with total gross natural gas resources discovered since 2009 of approximately 40 TCF.

In addition, Delek Group has a number of assets in downstream energy, water desalination, and in the finance sector.

For more information on Delek Group please visit [www.delek-group.com](http://www.delek-group.com)

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