Delek Group Israel's pioneering E&P company

Delek Group

June 2019

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Delek Group

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Delek Group's Three Objectives

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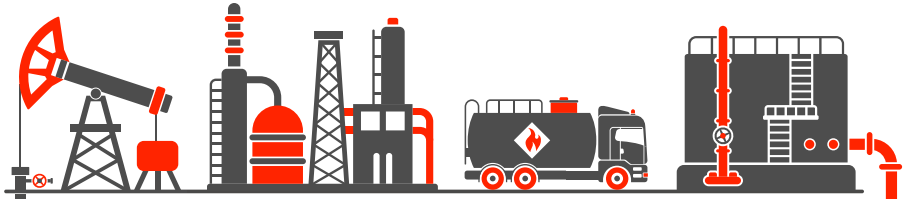
Delek Group has been the driving force behind the major Eastern Mediterranean gas discoveries of the past decade. The company is also expanding in the UK's North Sea.

As at YE18, Delek Group had economic interest in 1.5bn boe of 2P+2C reserves in the East Med & North Sea, with interest in c48k boe/d of production. This is set to increase to 1.7bn boe 2P+2C reserves and c168k boe/d of production at the end of 2019.

Delek Group is evolving into an international E&P operator, focused on achieving three major objectives:

- **Delivering** East Med assets
- **Expanding E&P** operations globally
- **Optimizing** assets & raising fresh capital

Delek Group Asset Portfolio by Holdings



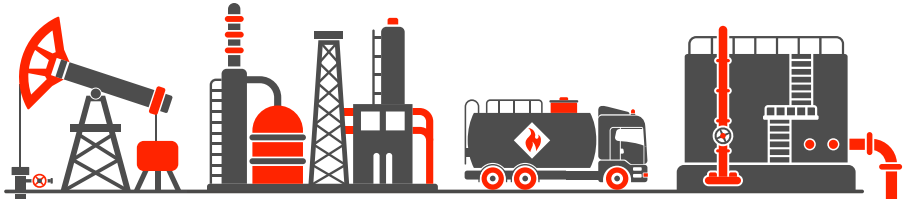
Delek Group (DLEKG.TA) is listed on the Tel Aviv Stock Exchange with a market cap of USD2.0bn*

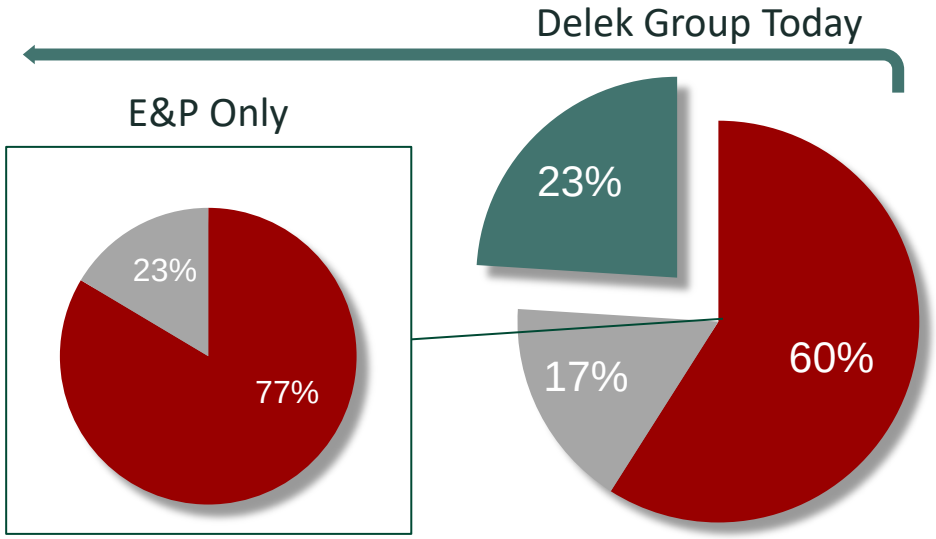
	Asset	Ownership	Ticker	Ownership	Business Sector
E & P	Delek Drilling	Public	DEDRp.TA	60%	Upstream - East Med
	Cohen Development	Public	CDEV.TA	52%	Royalties - East Med
	East Med royalties				Royalties - East Med
	Ithaca Energy	Private		100%	Upstream - N. Sea
	GulfSlope	Public	GSPE	22%	Upstream - GoM

Other	Phoenix	Public	PHOE.TA	30%	Insurance
	Delek Automotive	Public	DLEA.TA	23%	Auto retail
	IDE	Private		20%	Water desalination
	Delek Israel	Private		100%	Fuel retail

*Market value as at 18.06.19.

Delek Group Asset Portfolio by Value





- E&P in East Med
- E&P International
- Other

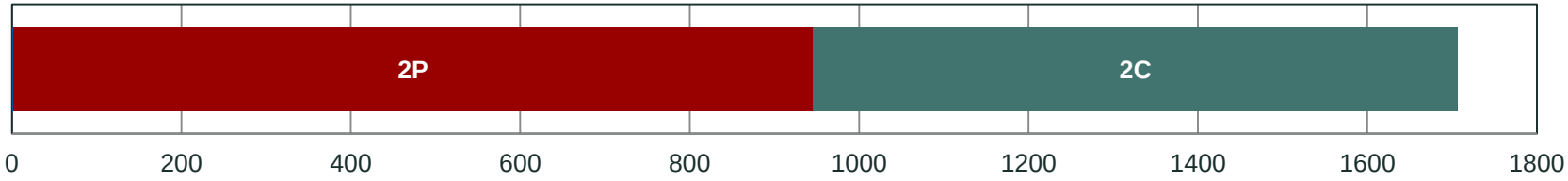
Note: E&P in East Med includes appraised & market-traded value of royalties. Publicly traded assets based on market value as of 18.06.19.
Private assets based on the book value as of YE18, excluding the IDE transaction. Does not include Phoenix and Chevron transactions announced during 2Q19

Delek Group Reserves & Daily Production*

Working interest in daily production, boe/d

Tamar[1]	29,400
Ithaca	21,000
+ Leviathan commencement[2]	58,000
+ Chevron North Sea assets[3]	60,000
Delek Group Total	168,400

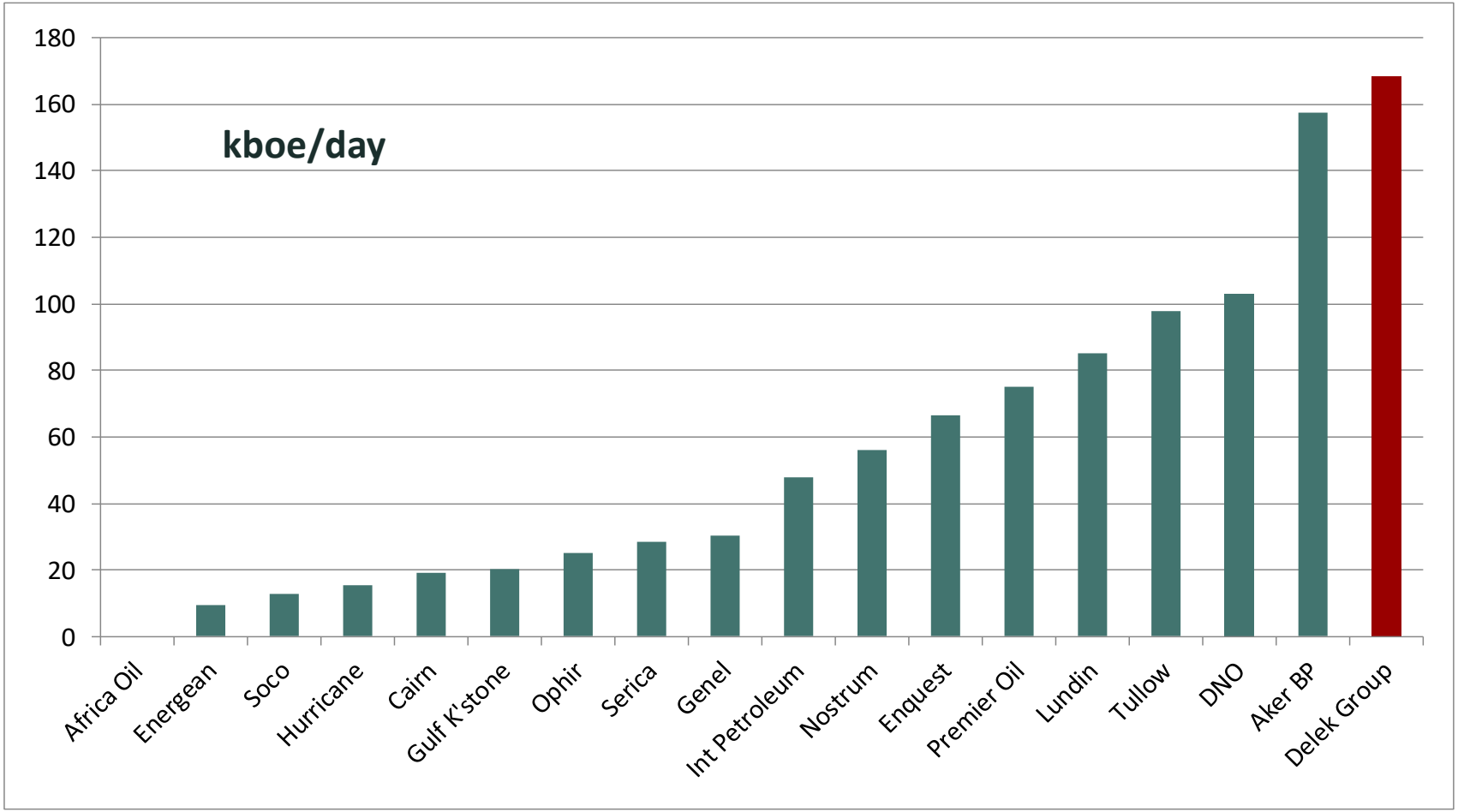
Total reserves of 1,700 mmboe[4]



* Following completion of the Chevron transaction and commencement of Leviathan production. 1: Tamar to be sold during 2020-2021. 2: Leviathan to commence production at the end of 2019. 3: Transaction to close by the end of 3Q19. 4: Tamar reserves of 1955mmboe (15.4% interest); Leviathan reserves of 3782mmboe (27.1% interest); Aphrodite reserves of 619mmboe (17.9% interest); Ithaca reserves of 93mmboe (100% interest); Chevron reserves of 176 mmboe (100% interest, acquired by Ithaca).

Daily Production Benchmarking

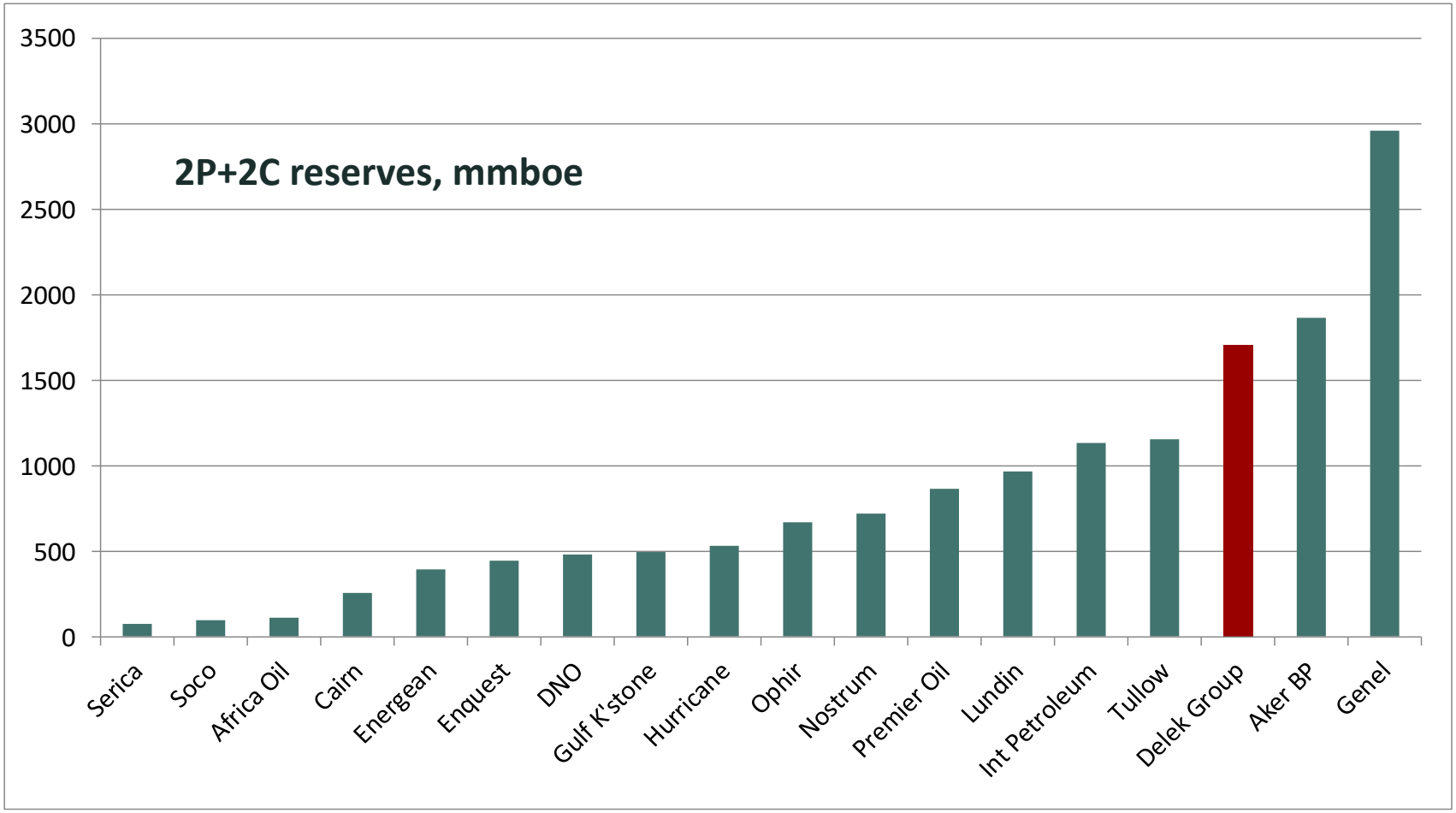
Delek Group



Source: Jeffries, June 2019. Delek Group volumes include expected production from Chevron assets, as well as commencement of the Leviathan field at the end of 2019.

Reserves Benchmarking

Delek Group



Source: Jeffries, June 2019. Delek Group reserves include Chevron North Sea assets.

Tamar & Leviathan Fields in the East Med

Delek Group

Tamar – Producing as of 1Q13

Ownership: Delek Drilling 22%, Isramco 29%, Tamar Petroleum 17%, Noble Energy (operator) 25%, Others 7%

2P Reserves* & Production capacity

11.1 tcf (314 bcm) & 14.6 mmbbl condensate

Production of 1.1 bcf/day

Overall Tamar costs to date: $4.5 Billion (100%)

Leviathan – Est. first gas 4Q19

85% complete, on time & on budget

Ownership: Delek Drilling 45%, Ratio 15%, Noble Energy (operator) 40%

2P+2C Resources** 21.4 tcf (613 bcm), 39.4 mmbbl condensate

Production Capacity (2 stages)

1.2 bcf/d (~12 bcm/y) + 0.9 bcf/d (~9 bcm/y)

Estimated Capex $4.3-6.0bn for both stages (100%)

Additional Prospective Resources (P50)

560 mmbbl oil (liquids), 4.5 tcf Gas

*Resources estimate as published on YE 2018 financial report **Resources estimate as published NSAI Reserves and Contingent Resources report 26/09/2017

Delivering East Med Assets

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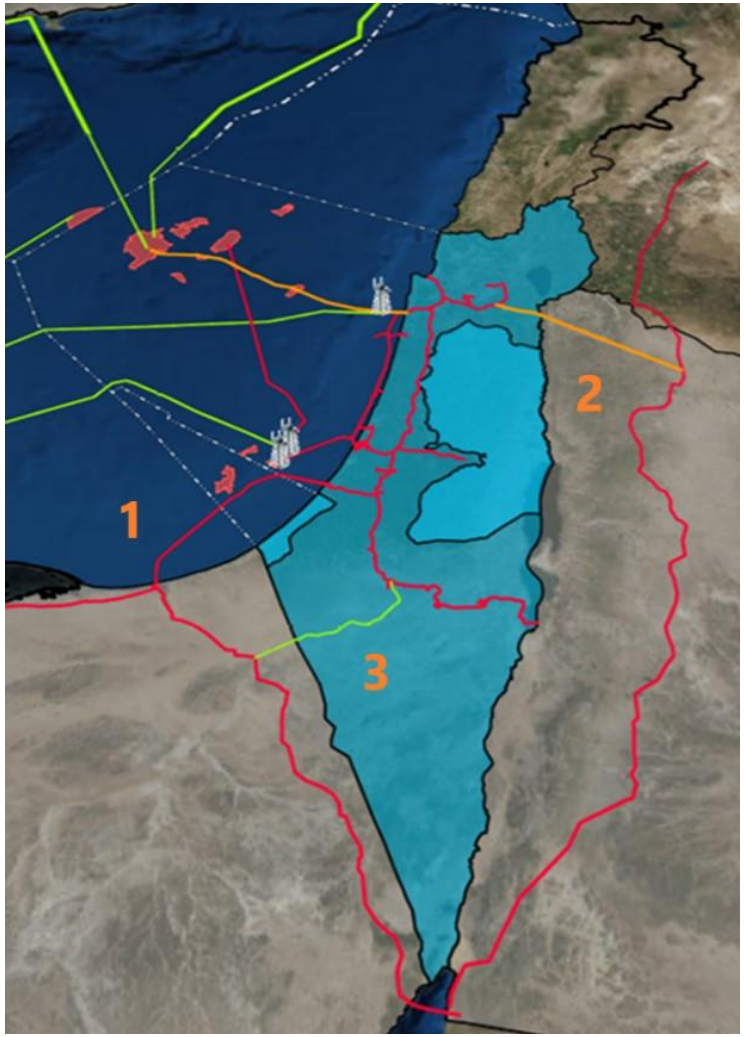
Sale of Tamar

Full disposal of 22% stake is required by the end of 2021.

EMG pipeline deal bolsters Leviathan

The EMG pipeline (1 on map), previously used to transfer Egyptian gas to Israel, is now idle. Delek & partners have acquired rights to EMG, and subject to technical checks, aim for exports to Egypt of up to 7BCM p.a.

Implementation of this high-volume offtake agreement firms up Leviathan project economics. The Dolphinus agreement covers domestic Egyptian demand only; future potential for export via LNG terminals also exists.



Developing an East Med Gas Hub

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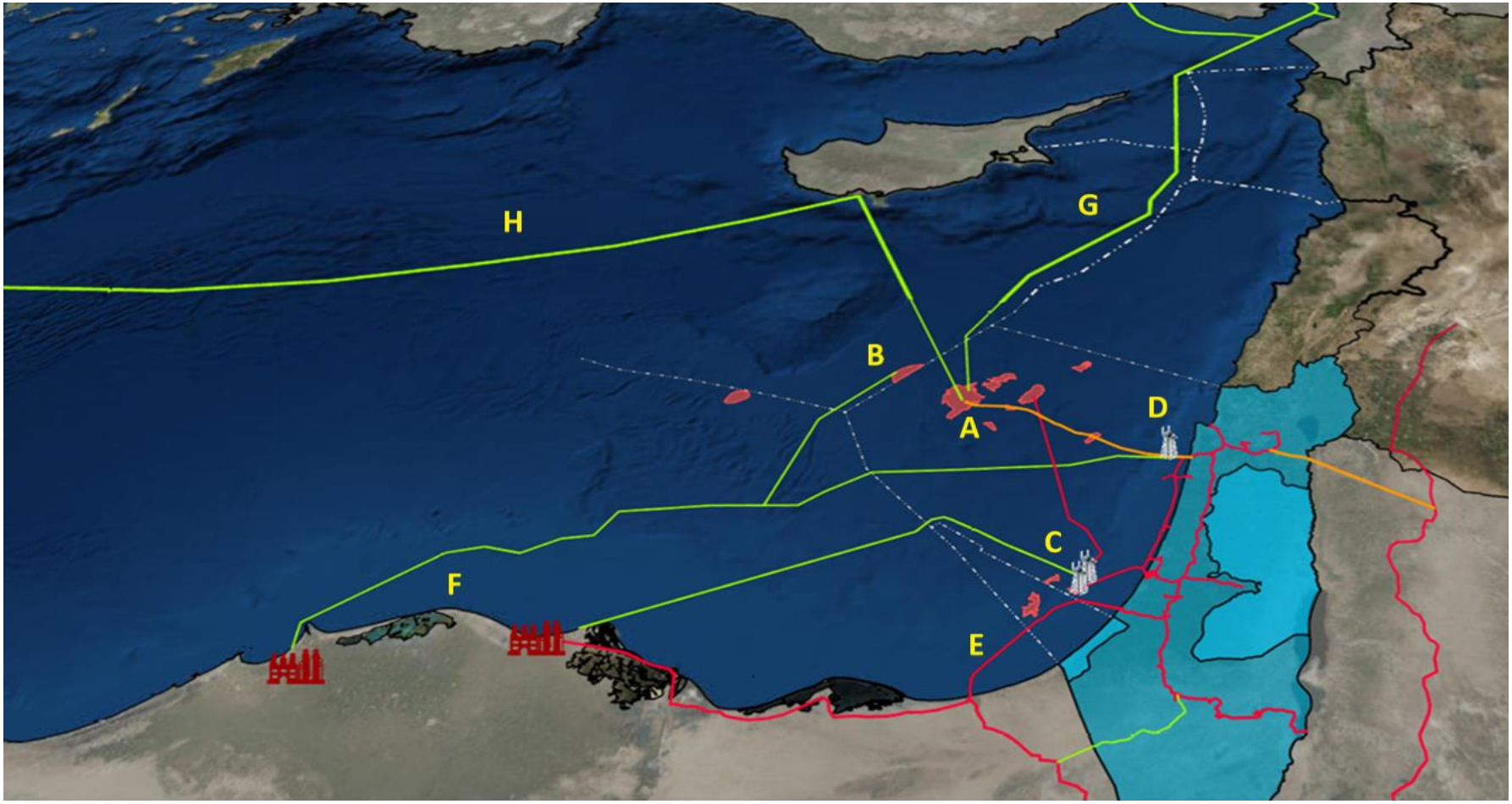

Red pipelines exist, orange are under construction, and green represent future possibilities

Developing an East Med Gas Hub

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Cyprus' Aphrodite field proximate to Leviathan

In 2011, the 3.5 TCF (2C) Aphrodite field was discovered in Cypriot waters (point B on map) alongside the Leviathan field (A). Delek Group has a c18% working interest in this resource, and its development could possibly occur in parallel with the further stages at Leviathan. Cyprus is now evaluating economic options for the area.

Export opportunities beckon …

The most immediate way to export East Mediterranean energy would be to liquefy Israeli (and possibly Cypriot) gas through Egyptian LNG terminals at Damietta and Idku (F). These locations could be connected through the existing EMG pipeline (E), or directly from the open sea (B). Pipelines to Turkey (G) or Italy (H) have also been discussed.

… while regional energy demand continues to grow

The Dolphinus export agreement to Egypt supplies gas to the domestic market, where demand is estimated to be growing at 8% p.a. New gas fields have been discovered, but production from mature reserves is declining at c10% p.a., creating a need for further imports.

Ithaca Energy Expanding into the North Sea

Delek Group

- Delek Group purchased 100% of Ithaca Energy, a UK oil & gas producer, in June 2017 at a valuation of cUSD650m.
- Ithaca is focused on the UK North Sea's Greater Stella Area, a sector with potential c200mboe in reserves, located in relatively small, discrete fields
- Ithaca bought out its partners in the FPF and associated reserves for USD130m in December 2018.
- Aim to further utilize the FPF's c40k boed capacity though connecting to new fields and producing for 3rd parties.
- **Growth platform for Delek Group in the North Sea:** acquisition of Chevron assets in May 2019.

Acquisition of Chevron's North Sea Assets

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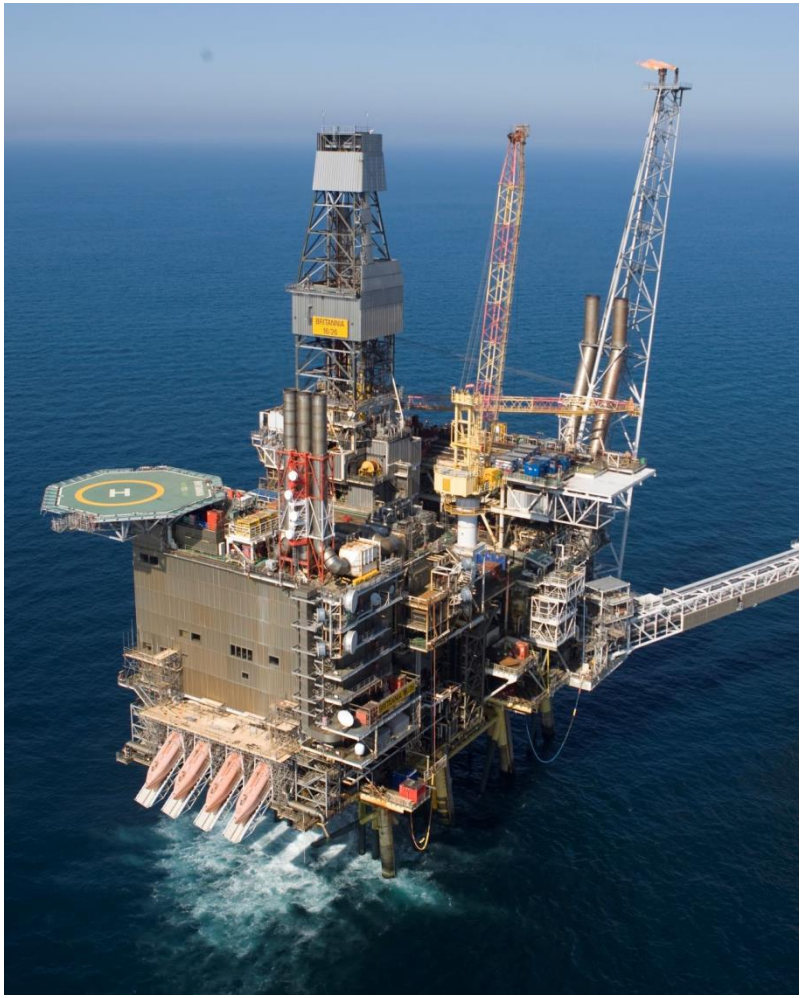
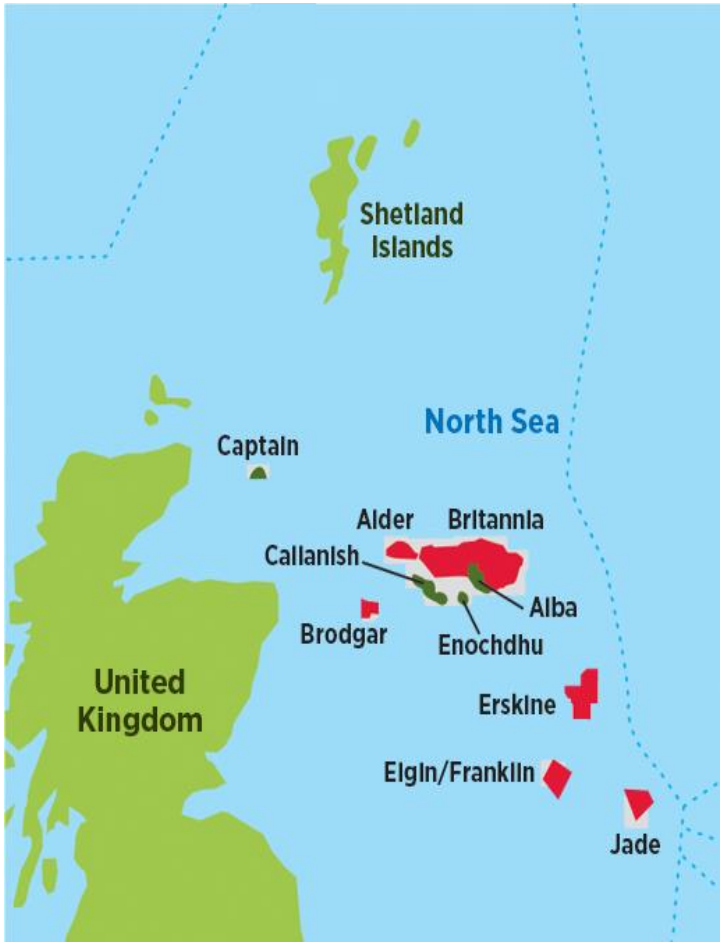
- Comprises of ten producing fields, with 2P reserves of 131 mmboe and 2C reserves of 45 mmboe. Average production of 60,000 boe per day.
- Effective transaction date of 1 Jan 2019, expected to close by end 3Q19.
- Headline price is USD2bn, but with estimated accumulated cashflows expected to result in USD1.65bn net.
- Ithaca carries more than USD2.2bn of tax losses, which will help further monetize profits into cashflows.
- Integration is the next big step
- A transformative acquisition which bolsters Ithaca's equity story



Ithaca Energy Expanding into the North Sea

Delek Group



Field	Operator	Acquired Interest
Captain	Chevron	85%
Alba	Chevron	23.37%
Erskine	Chevron	50%
Alder	Chevron	73.68%
Britannia	ConocoPhillips	32.38%
Brodger	ConocoPhillips	6.25%
Callanish	ConocoPhillips	16.5%
Enochdhu	ConocoPhillips	50%
Elgin / Franklin	TOTAL	3.90%
Jade	ConocoPhillips	19.93%

Greater Stella Area

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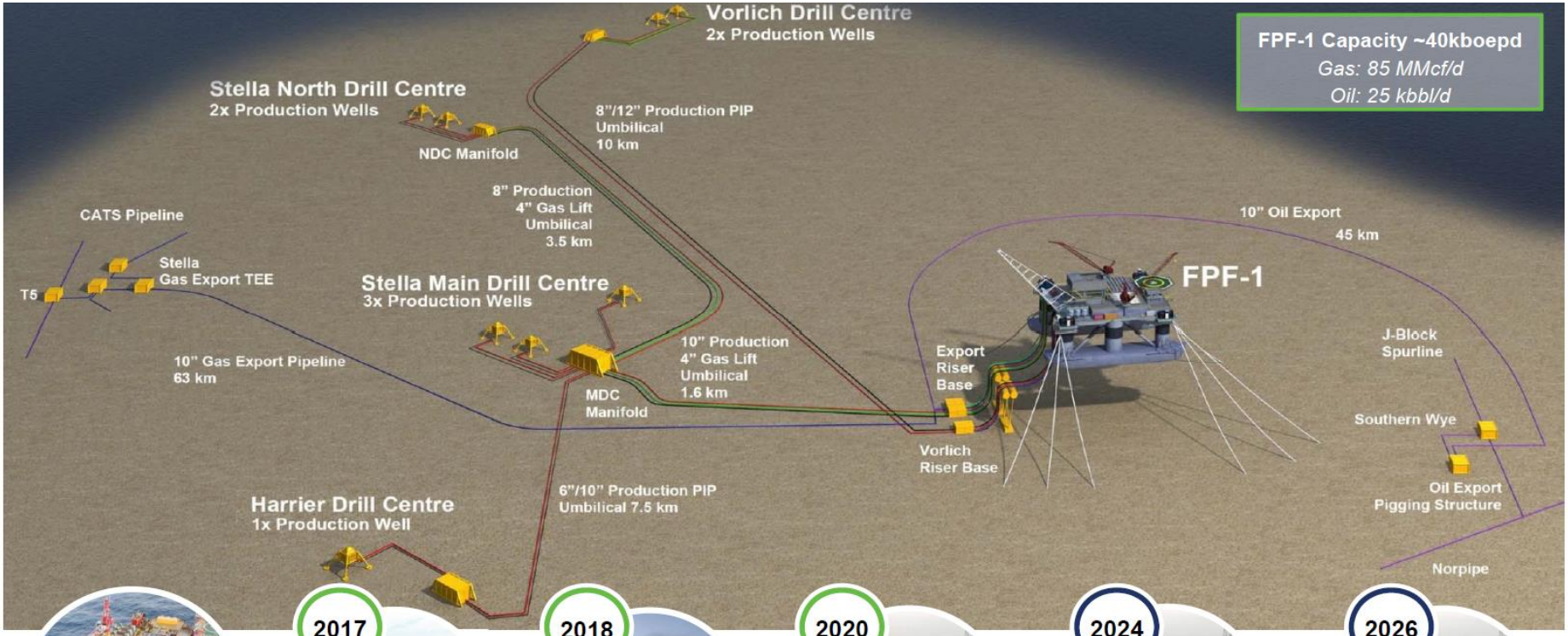


FPF-1
***Production* Facility**

2017

Stella

2018

Harrier

Dual-lateral Well Tie-back
14MMboe 2P Reserves
~$65M 2017-18 capex

2020

Vorlich

2 Well Tie-back
8.5 MMboe 2P Reserves
~$100M 2018-20 capex

2024

Austen

2019 FDP
Planned

2026

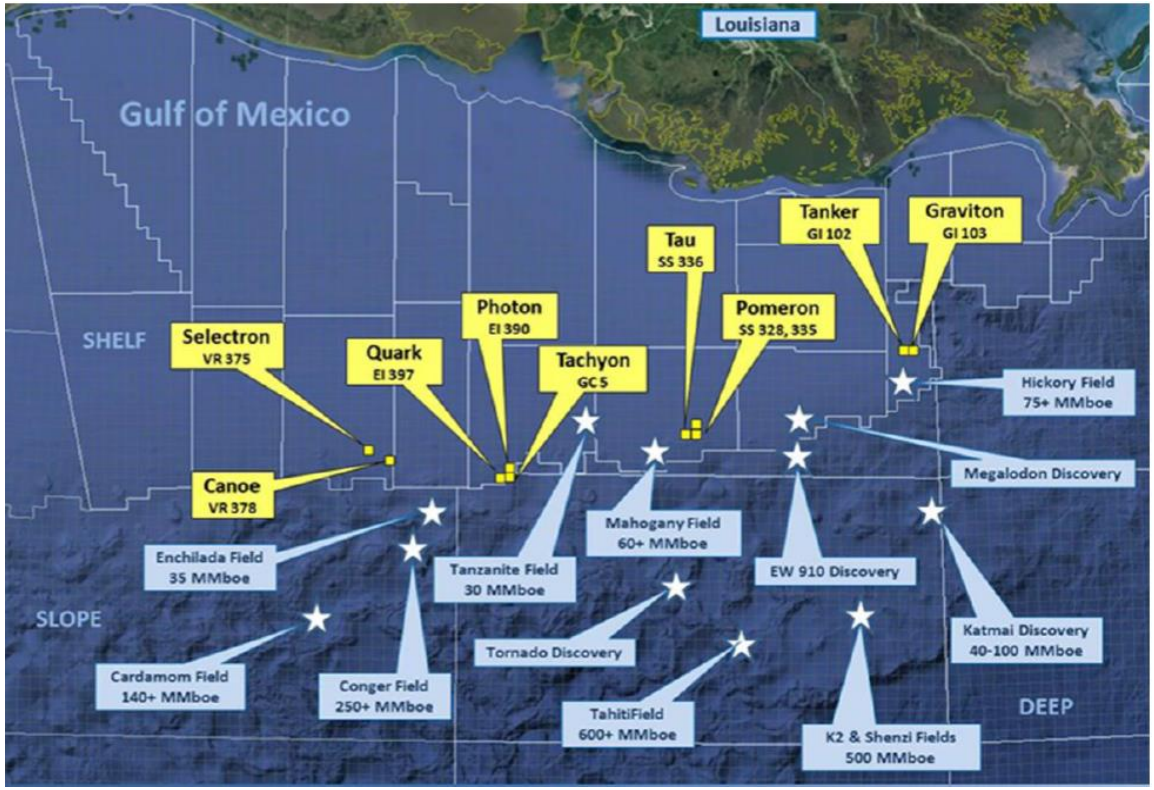
Hurricane

2019 FDP
Planned

Note: All reserves and capital expenditure figures are net to Ithaca. Reserves as independently estimated by Sproule International Ltd, as of 31 Dec. 2017.

Drilling in the Gulf of Mexico

Delek Group



- **Canoe:** Completed in August 2018. Layers of sand were found with oil, but sealed pending further analysis.
- **Tau:** Completed in May 2019. Layers of sand were found with oil, but sealed pending further analysis.

- Delek Group is working with GulfSlope Ltd to explore the “slope” between the shelf and deep water areas of the Gulf of Mexico
- Currently hold rights for 9 prospects with geological chance of success at more than 40% on average for prospects of 400m boe.
- Water depth is 150 meters, drilling range between 3-8km sub salt. Approx 1.8bn boe have been discovered or are producing in proximity.
- Two drillings at a cost of USD80m for 75% of rights.

Optimizing the Asset Portfolio

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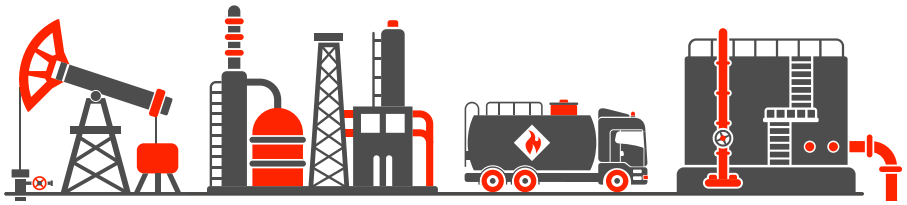
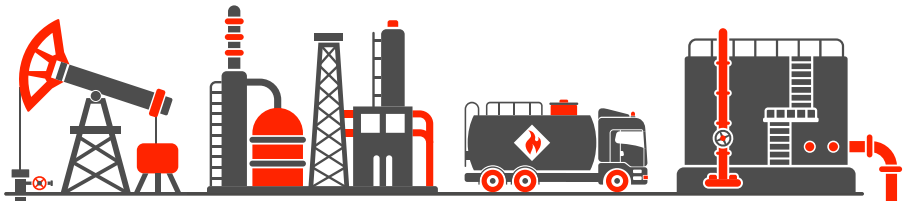


Delek Group has been very active in portfolio optimization and asset sales. This frees up cash for debt reduction, dividends, and most importantly, further E&P investments.

- Sale of 30% in **IDE** closed in January 2019, generating approximately USD150m.
- Binding agreement in May 2019 to sell remaining holdings (30%) in the **Phoenix Insurance** company to Centerbridge and Gallatin Point Capital, potentially generating approximately USD450m.
- Acquisition in May 2019 of **Chevron's North Sea** assets for an expected USD1.65bn net.
- Investment in the **Caesar Tonga field** in the **Gulf of Mexico** for USD965m in April 2019 withdrawn due to exercise of right of first refusal.

Fresh Capital for New Investments



Delek Group's transformation into a global E&P firm is now entering high gear. The final stage of this evolution involves acquiring new exploration and production assets.

- Along with funds from disposals, Delek Group would seek to **raise new capital** to drive expansion of global E&P activities.
- **Integrate** new Chevron assets in the **North Sea** into the Ithaca Energy platform, with the goal of ultimately relisting Ithaca on capital markets.
- Searching for ways to materially increase presence in the **Gulf of Mexico**.
- **Focus on purchasing assets** rather than shares or companies; favouring regions with clear regulatory framework and production infrastructure in place.

To Sum Up …

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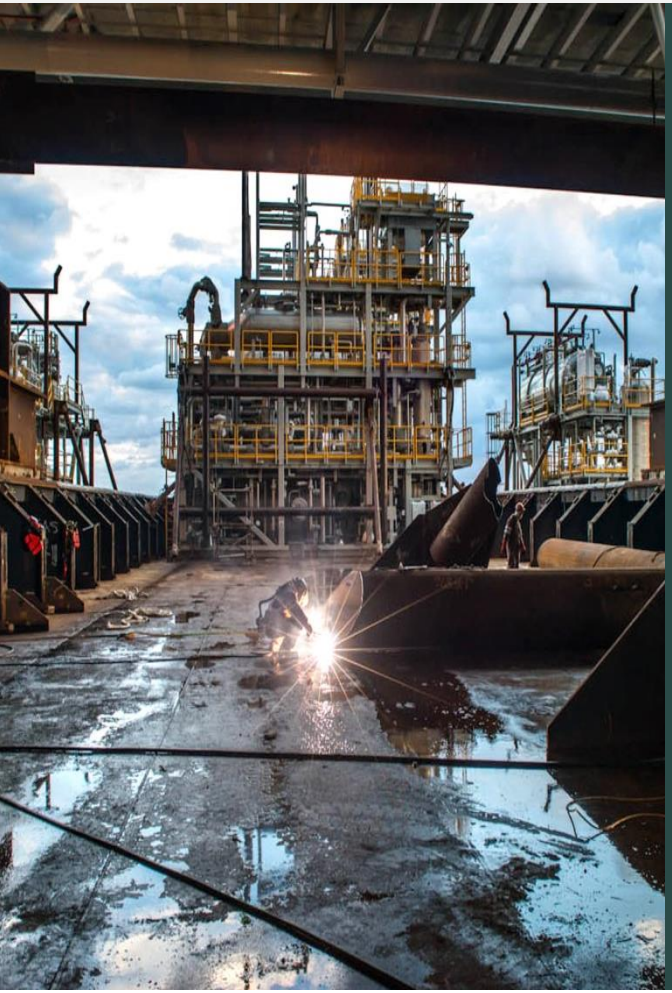

Delek Group is evolving into a focused, global, E&P operator. Some major objectives to attain this goal include:

Delivering East Med assets

- Completion of the Leviathan project by YE2019
- Successful commencement of gas exports to Egypt via the EMG pipeline

Divestments and capital allocation

- Selling the stake in Phoenix Insurance & Tamar
- Seeking fresh capital for new investments

Expanding operations globally

- Integration of Chevron assets into Ithaca
- Connecting to new reserves and 3rd party production at Ithaca's Greater Stella FPF
- Seek presence in the Gulf of Mexico

Appendix

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East Med Royalty Schemes

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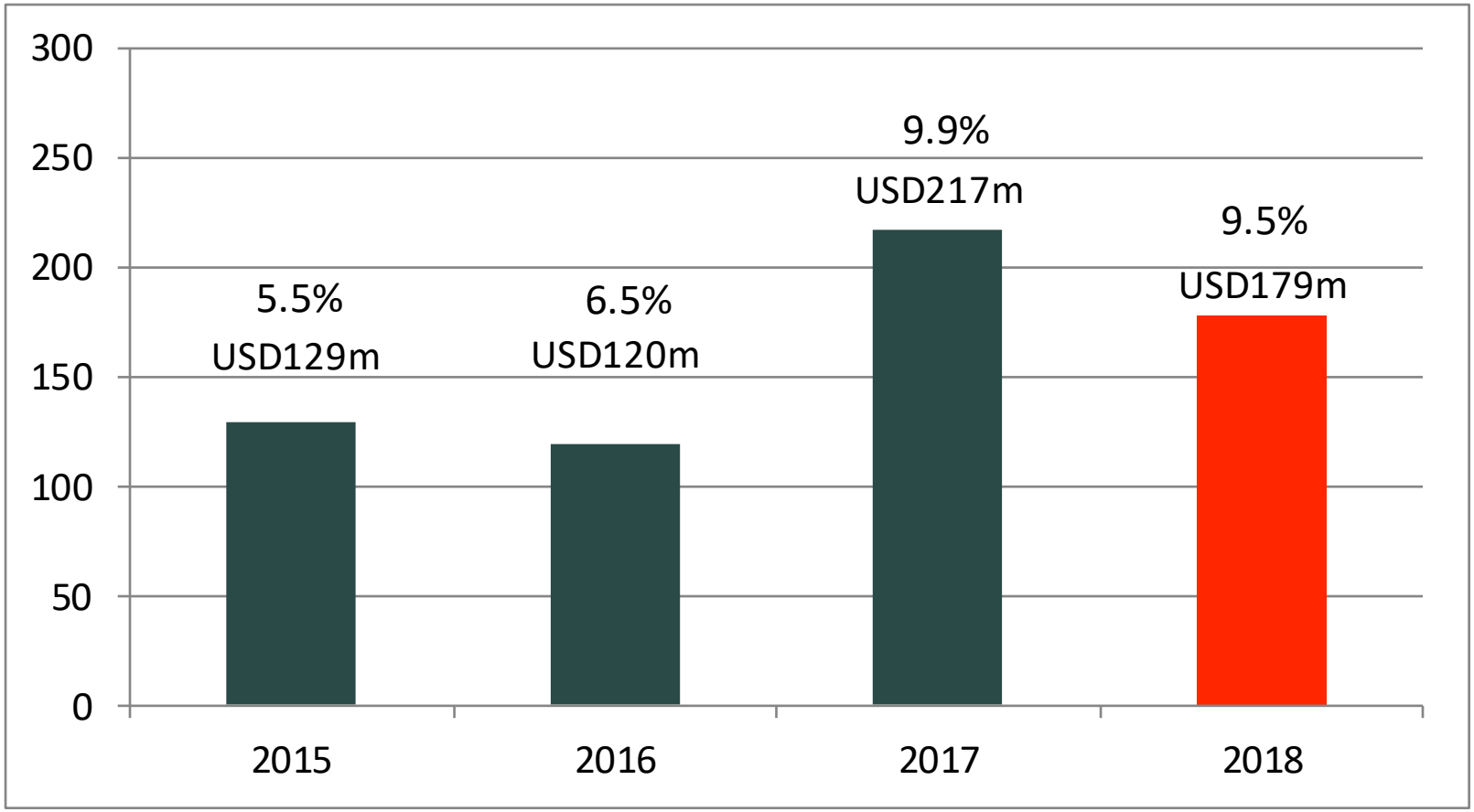
	Field	Working Interest	Received Royalty as a % of Revenues
	**Tamar**	Delek Drilling & Tamar Petroleum 31.25% (1)	Delek Group 6.5% (3) Cohen Development 1.4375%
	**Leviathan**	Delek Drilling 45.34%	Delek Group pre payout 3% (3) (4) Delek Group post payout 6.5% (3) (4) Cohen Development 1.4375%
	**Karish & Tanin (2)**	Delek Drilling 52.94%	Delek Group pre payout 3% (3) (4) Delek Group post payout 6.5% (3) (4) Cohen Development 1.4375%

(1) Delek Drilling spun out 9.25% working interest in the Tamar field into an SPV named Tamar Petroleum. This entity pays royalties in the same manner as Delek Drilling, and the two are combined the purpose of this slide.
(2) Sold to Energean Oil & Gas plc in 2017, but will pay royalties based the indicated pro-forma working interest.
(3) Royalty is spilt between Delek Group and Delek Energy, a 100% owned non-public subsidiary.
(4) "Pre payout" refers to whether Delek Drilling has recovered its investment in developing the field. Up until this point, Delek Drilling is entitled to a reduction on the royalties it pays.

Dividend Payout and Yield 2015-18



*Calculated using average USD/ILS and Delek Group share price for each year.

Over 42 TCF discovered offshore Israel and Cyprus

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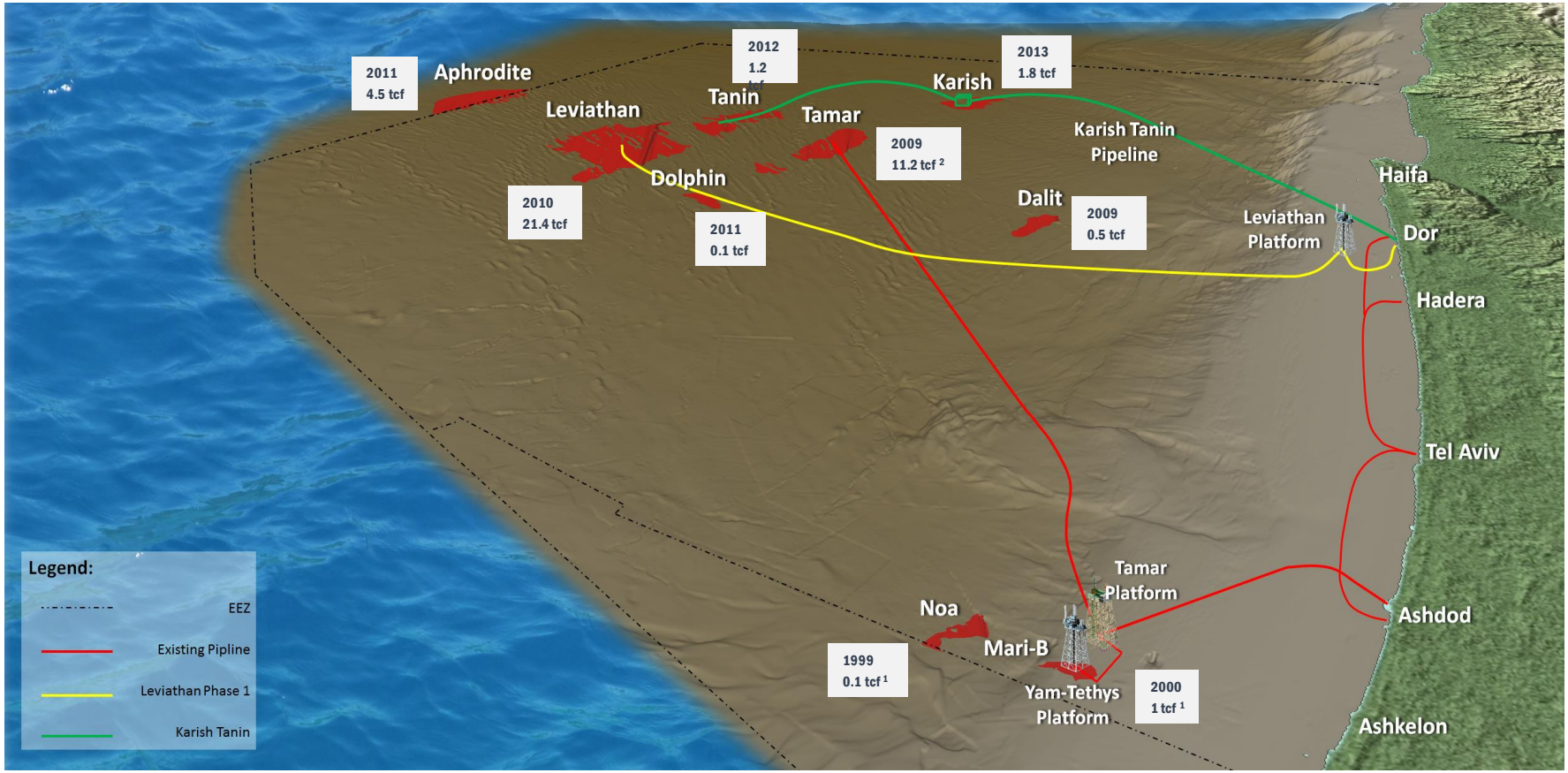
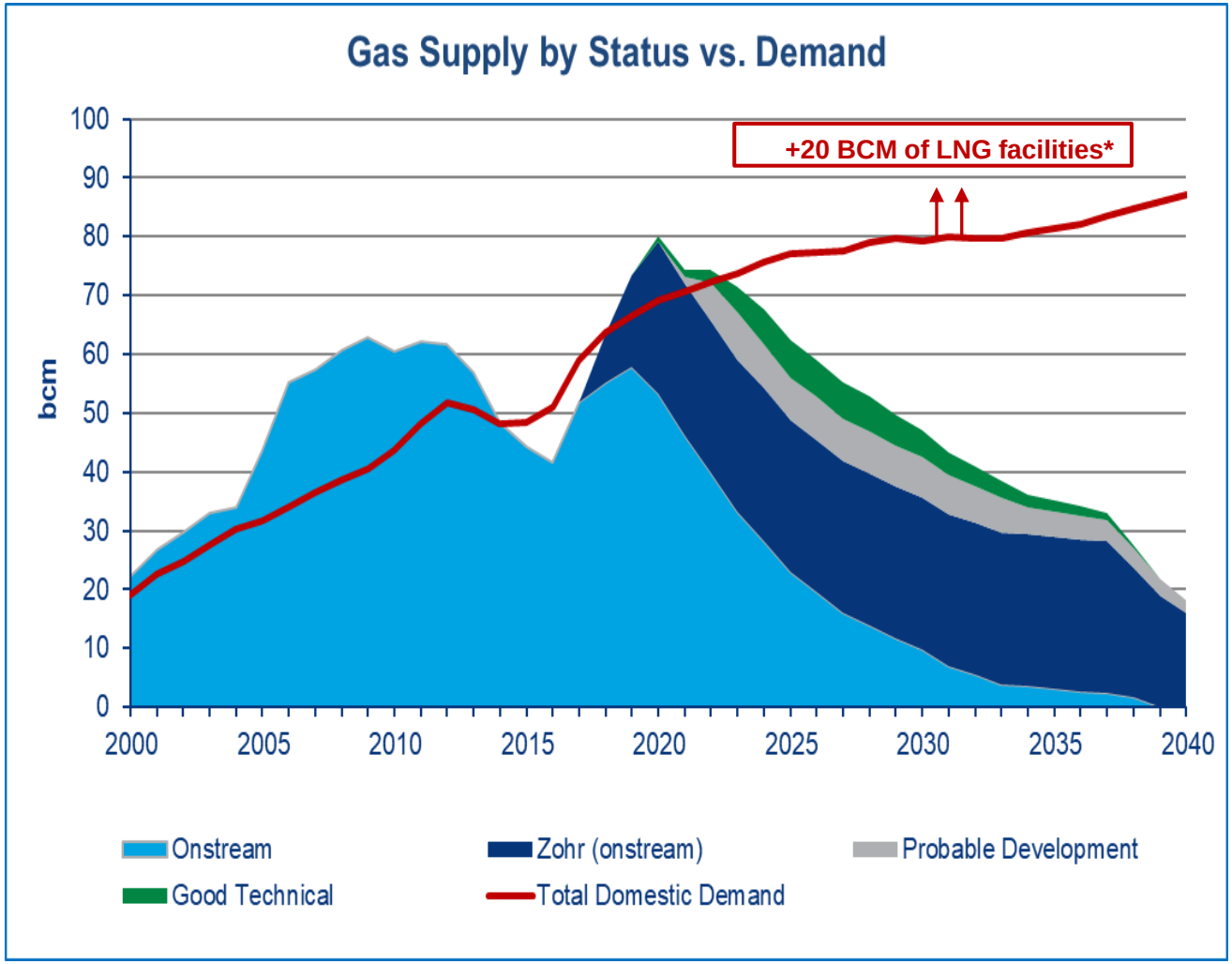


Resources: 2P + 2C + Prospective (2U), based on NSAI reports.
[1] Estimated ultimate recoverable; Now almost depleted and classified as negligible petroleum asset, [2] Estimated ultimate recoverable (as of 02/07/2017)

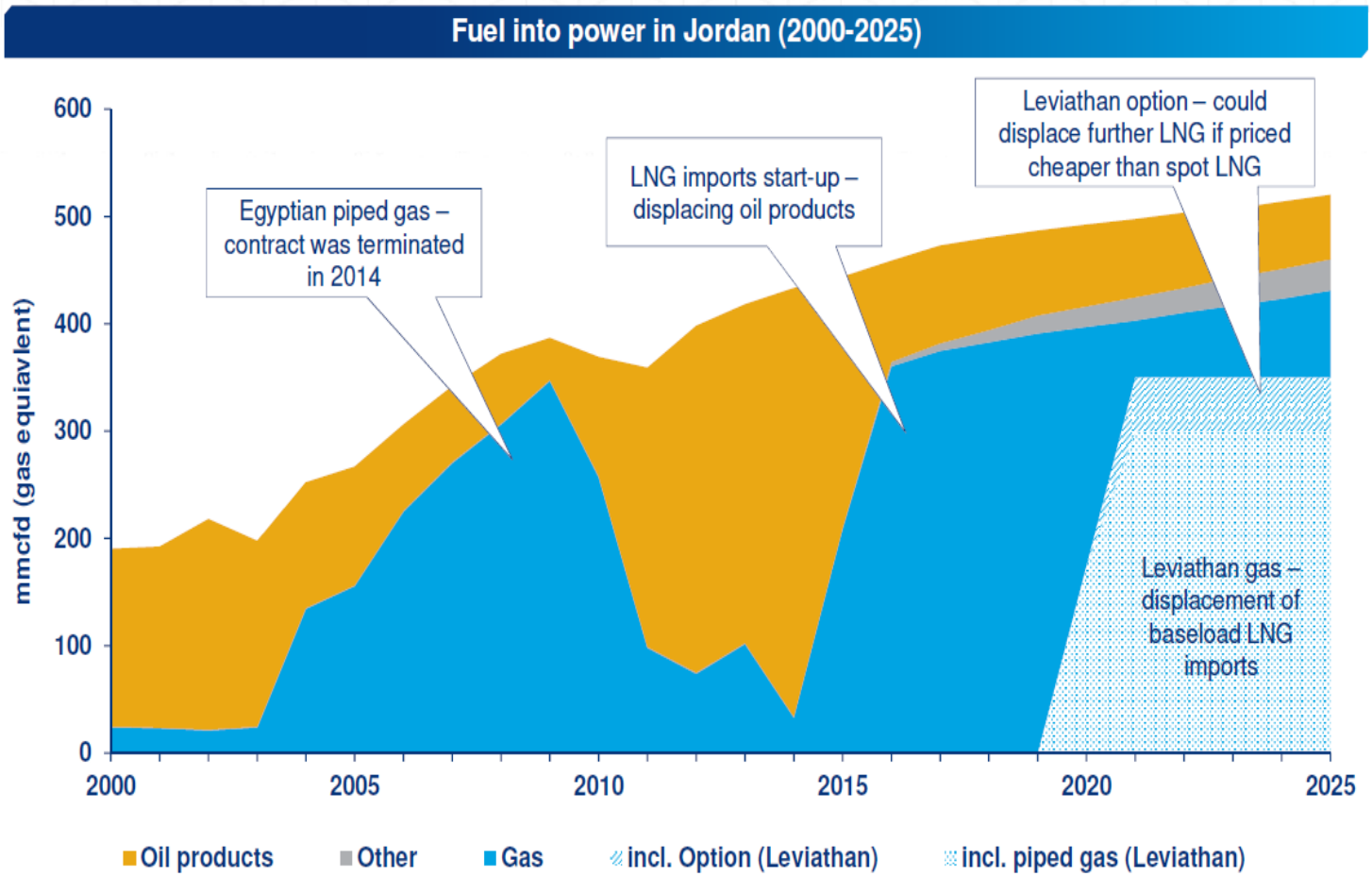
Domestic Egyptian Gas Demand



Source: Wood Mackenzie . *The demand shown does not include requirements of LNG facilities at Damietta and Idku

Leviathan Gas as a Part of Jordan's Energy Mix

Delek Group



Source: Wood Mackenzie . Assumes Leviathan sales volumes at 300 mmcfd, with option for an additional volume of 50 mmcfd

EMG Pipeline Transaction

Arbitrating parties

Merhav MNF Ltd	Merhav Ampal Grp	Merhav Ampal LP	EGI - EMG LP
8.2%	8.2%	8.6%	12.0%

PTT	EGPC	MGPC
25%	10%	28%

East Gas (50%), Nobel Energy (25%), Delek Drilling (25%)

EMED
39%

East Gas	PTT	EGPC	MGPC
10%	25%	9%	17%

Pipeline of 26” diameter, 89 km (85.4 km subsea), from Ashkelon (Israel) to El-Arish (Egypt). Nameplate capacity of up to 700 MMcf/d (~7BCM/y), potential expansion up to 900 MMcf/d (~9 BCM/y). Design and construction by Allseas Marine & Technip.

Thank you

Delek Group

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ITHACA ENERGY

Corporate Presentation

June 2019

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This Presentation contains non-International Financial Reporting Standards ("IFRS") industry benchmarks and terms, such as "cashflow from operations“ and “net debt”. Cashflow from operations includes the impact of executed hedges and does not include non-cash items such as depreciation, depletion and amortisation, revaluation of financial instruments, impairments of fixed assets and movements in goodwill, which may have a significant impact on the Company’s results. Net debt includes amounts outstanding under the Company’s debt facilities, senior notes and parent company term loan, less cash and cash equivalents. These non-IFRS financial measures do not have any standardised meanings and therefore are unlikely to be comparable to similar measures presented by other companies. The Company uses these measures to help evaluate its performance. As an indicator of the Company's performance, cashflow from operations should not be considered as an alternative to, or more meaningful than, net cash from operating activities as determined in accordance with IFRS. The Company considers cashflow from operations to be a key measure as it demonstrates the Company's underlying ability to generate the cash necessary to fund operations and support activities related to its major assets. This Presentation includes unaudited indicative financial information, including 2018 pro-forma Adjusted EBITDAX, which has been prepared by management. The unaudited indicative financial information was not prepared with a view towards compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of indicative financial information or IFRS. The Company’s independent auditors have not audited, reviewed, compiled or performed any procedures with respect to such unaudited indicative financial information for the purpose of its inclusion herein and accordingly, they have not expressed an opinion or provided any form of assurance with respect thereto for the purpose of this Presentation.

Notes Regarding Oil and Gas Disclosure

This Presentation contains estimates of future net revenue from the production of oil and gas reserves of the Company. These estimates do not represent fair market values of the reserves. The estimates of reserves and future net revenues for individual properties may not reflect the same confidence level as estimates of reserves and future net revenues for all properties, due to the effects of aggregation. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is an equal probability that the quantities actually recovered will be greater or less than the sum of the proved plus probable reserves. There is a 10% probability that at least the sum of the estimated proved reserves plus probable reserves plus possible reserves will be recovered. References herein to "boe" mean barrel of oil equivalent which is derived by converting gas to oil in the ratio of six thousand cubic feet ("Mcf") of gas to one barrel ("bbl") of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 mcf: 1 bbl, utilizing a conversion ratio at 6 mcf: 1 bbl may be misleading as an indication of value. Well test results that may be disclosed represent short-term results, which may not necessarily be indicative of long-term well performance or ultimate hydrocarbon recovery therefrom.

Statements relating to reserves are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. The reserve estimates set forth in this Presentation are estimates only and the actual reserves and realized revenue may be greater or less than those calculated. If a discovery is made, there is no certainty that it will be developed, or if it is developed, there is no certainty as to the timing of such development or the benefits (if any) which may flow to the Company. The reserve figures are derived from reports prepared by Sproule International Limited ("Sproule") and Netherland Sewell Associates Inc., independent qualified reserves evaluators. The reserve estimates are prepared in all material respects in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System approved by the Society of Petroleum Engineers.

Recipients of this Presentation are specifically referred to the risk factors described in the Company’s MD&A of operating results and financial condition for the twelve month period ended 31 December 2018 and in other documents the Company files from time to time with securities regulatory authorities. Copies of the MD&A and other documents are available on the Company’s website (www.ithacaenergy.com).

Assumptions Throughout This Presentation

$ represents US dollars; £ represents pounds sterling; $M represents millions of US dollars; “MMboe” represents millions of barrels of oil equivalent; “MMbbl” represents millions of barrels of oil; “kboe/d” represents thousands of barrels of oil equivalent per day; “MMscf/d” represents millions of standard cubic feet per day.

Ithaca at a glance… an established UK North Sea operator

Focused Strategy

- Experienced operator – pure play UK North Sea oil and gas producer
- Well diversified portfolio – strategy centred on production and development led growth

Attractive Outlook

- $2Bn Chevron North Sea Ltd acquisition – material step-up in operational / financial profile
- High netback production base – low cost, quick payback project pipeline

Solid Financial Profile

- Simple, low cost capital structure – $1.65Bn RBL and $700M acquisition facility
- Strong liquidity profile – accelerated utilisation of $2.2Bn UK tax allowances pool

Highly Supportive Shareholder

- Wholly owned subsidiary of Israel listed Delek Group (Delek) since 2017
- Integral to Delek's strategy to build a world-class E&P business

Portfolio overview… established fields with well understood performance characteristics

Britannia
CNSL (32.38%)
ConocoPhillips *(58.65%)** and Mitsui E&P UK *(8.97%)*

Alder
CNSL (73.68%)*
ConocoPhillips *(26.32%)*

Callanish
CNSL (16.50%)
ConocoPhillips *(83.50%)**

Brodgar
CNSL (6.25%)
ConocoPhillips *(93.75%)**

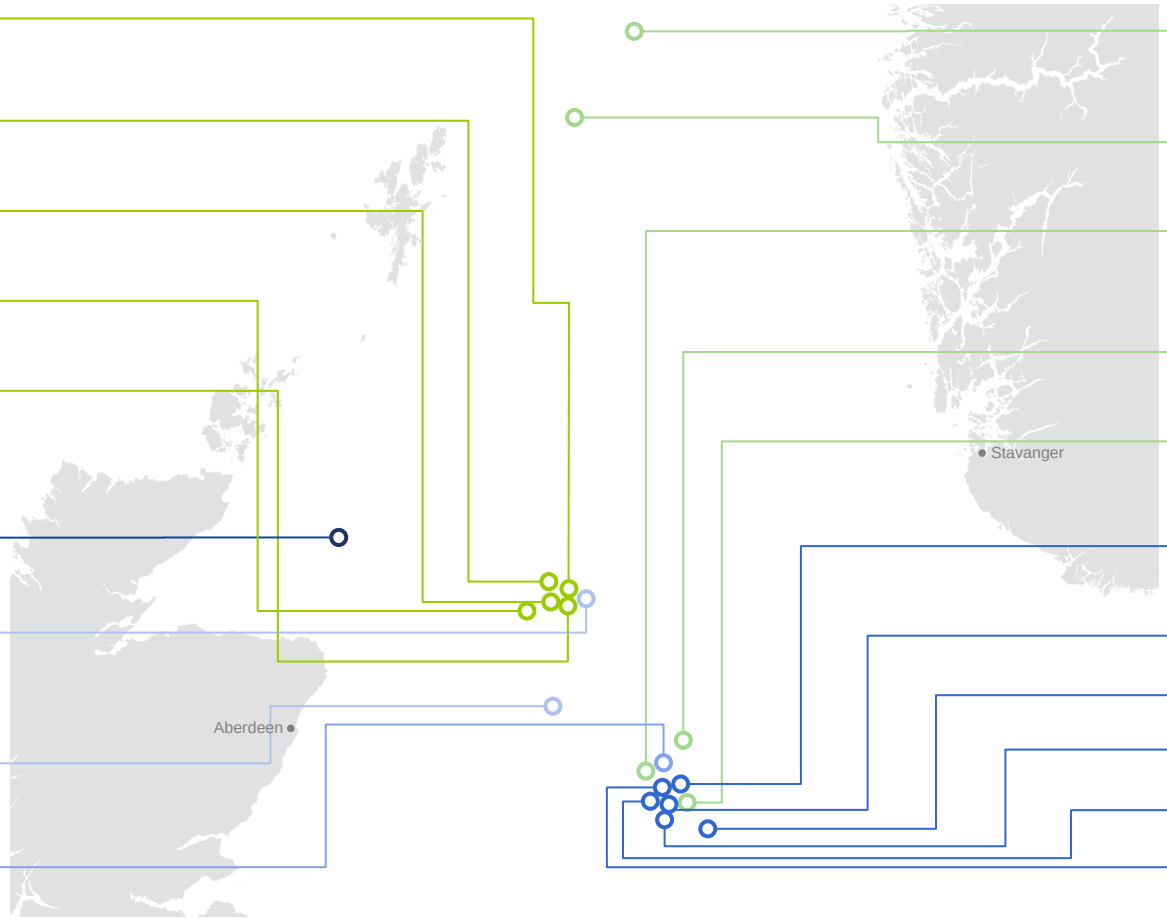
Enochdhu
CNSL (50.00%)
ConocoPhillips *(50.00%)**

Captain
CNSL (85.00%)*
Dana Petroleum *(15.00%)*

Alba
CNSL (23.37%)*
Endeavour *(25.68%)*, Verus *(17.00%)*, Mitsui *(13.30%)*, Spirit Energy *(12.65%)* and EnQuest *(8.00%)*

Cook
Ithaca (61.35%)*
Hibiscus Petroleum (19.33%), Ping Petroleum (19.33%)

Erskine
CNSL (50.00%)*
Chrysaor (32.00%), Serica (18.00%)



Dons
Ithaca (40%, Don Southwest), (21.4%, West Don)
EnQuest* *(60%,Don Southwest)*, *(78.6% West Don)*

Broom
Ithaca (8.00%)
EnQuest *(63.00%)**, *MOL (29.00%)*

Elgin/Franklin
CNSL (3.90%)
Total *(46.17%)**, Eni *(21.87%)*, Chrysaor *(14.11%)*, Premier Oil *(5.20%)*, ExxonMobil *(4.38%)*, Dyas *(2.19%)* and Sumitomo *(2.19%)*

Pierce
Ithaca (7.48%)
Shell *(92.52%)**

Jade
CNSL (19.93%)
ConocoPhillips *(32.50%)**, Chrysaor *(35.00%)*, Eni *(7.00%)* and Siccar Point *(5.57%)*

Courageous
Ithaca (55.00%)*
Zennor Petroleum (45.00%)

Stella
Ithaca (100.00%)*

Austen
Ithaca (100.00%)*

Harrier
Ithaca (100.00%)*

Hurricane
Ithaca (100.00%)*

Vorlich
Ithaca (34.00%)
BP (66.00%)*

GSA[1] | Captain | Erskine | Other

Operated Fields

Britannia & Satellites[2] | Other

Non-operated Fields

Significant UK E&P company with production from 18 fields, with ~75% of 2019E production from operated assets

* Denotes operator; 1. GSA includes the Vorlich field that is operated by BP in the development phase; 2. Britannia & Satellites include the Alder field subsea tieback that is operated by CNSL

CNSL acquisition… providing operational and financial scale and strength

	Production Portfolio	Production	Reserves	Opex	Capex	Operating Cash Flow[1]
	125%	410%	145%	20%	25%	560%
Pro-forma Ithaca 2019E	**18 Fields (7 Operated)**	**82 kboe/d**	**222 MMboe**	**$15/boe**	**$8/boe**	**$1,025M**
Stand-alone Ithaca 2018A	*8 fields (3 Op.)*	*16 kboe/d*	*91 MMboe*	*$19/boe*	*$11/boe*	*$154MM*

Chevron North Sea Limited (CNSL) acquisition delivers on a number of key strategic objectives and establishes Ithaca as the second largest independent oil and gas producer in the UK North Sea with >$1.1Bn 2018 pro-forma Adjusted EBITDAX[2]

- *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*
- *Enables the accelerated monetisation of Ithaca's existing $2.2bn UK tax allowances pool*

~450 employees are transferring to Ithaca with the acquisition, of which ~200 work offshore on the operated assets

- *Transfer of full workforce – minimises integration risk and underpins continuity of operations*
- *High quality organizational infrastructure – retaining organisational knowledge, expertise and track record*

Acquisition effective date 1 January 2019 – transaction expected to complete around end Q3-2019 following approval of the UK Oil & Gas Authority

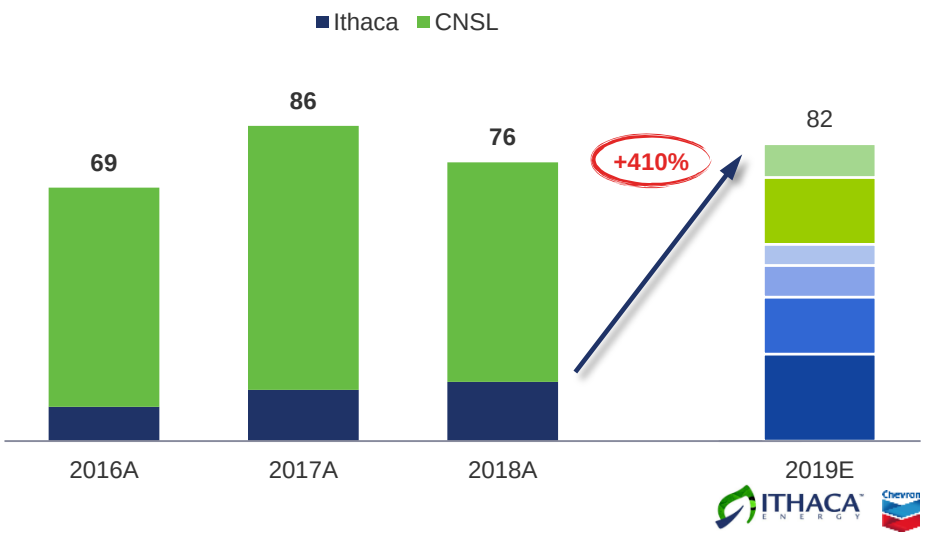
- *Integrated Ithaca / Chevron transition team – focus on efficient transfer of HR, IT, finance and contracting functions*

Note: Reserves and pro-forma financial information based on 2P data included in the independent reserves evaluations as of 31 December 2018 performed by Sproule International Limited (Ithaca Energy assets) and Netherland Sewell Associates Inc. (acquired CNSL assets); 1. Operating cash flow calculated as revenue less opex, capex and decommissioning; based on Brent of $67.40/bbl and NBP gas price of $7.60/MMBtu (nominal prices); 2. Pro-forma Adjusted EBITDAX equates to EBITDAX adjusted for negative goodwill on acquisitions and unrealised hedging gains / losses on derivatives, pro-forma the CNSL acquisition

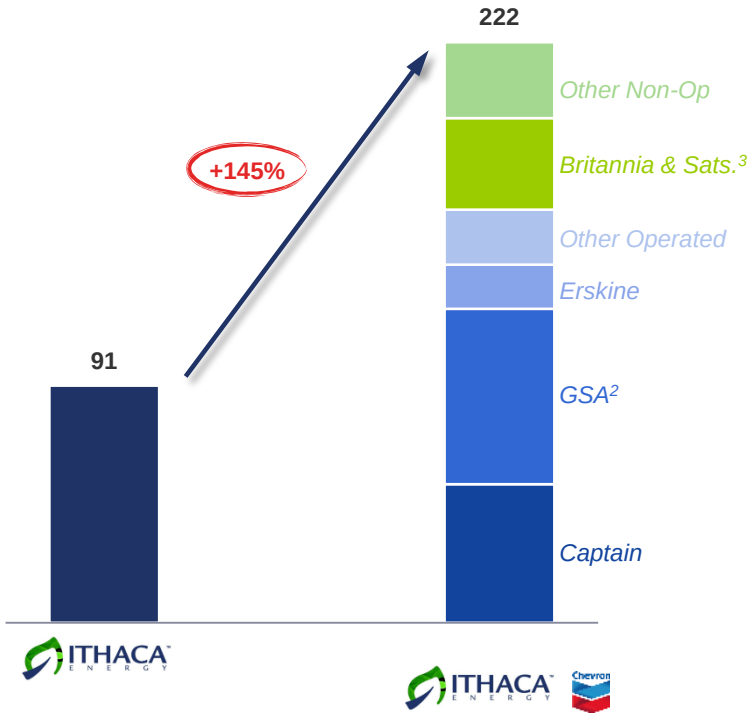
Material and balanced portfolio

- **Experienced oil and gas operator – proven drilling, production, development and decommissioning capabilities**
- **Business built through organic growth and acquisitions – including start-up of Greater Stella Area production hub in 2017**
- **Material step-up in operational and financial scale with acquisition of CNSL, announced 30 May 2019, establishing Ithaca as the second largest independent UK North Sea producer**
  - *~75% production in 2019 from operated assets – balanced oil and gas exposure with ~55% oil production*
  - *222 MMboe 2P reserves (1P reserves 112 MMboe)*

Production[1] (kboepd)



2P Reserves (MMboe) – Year-End 2018



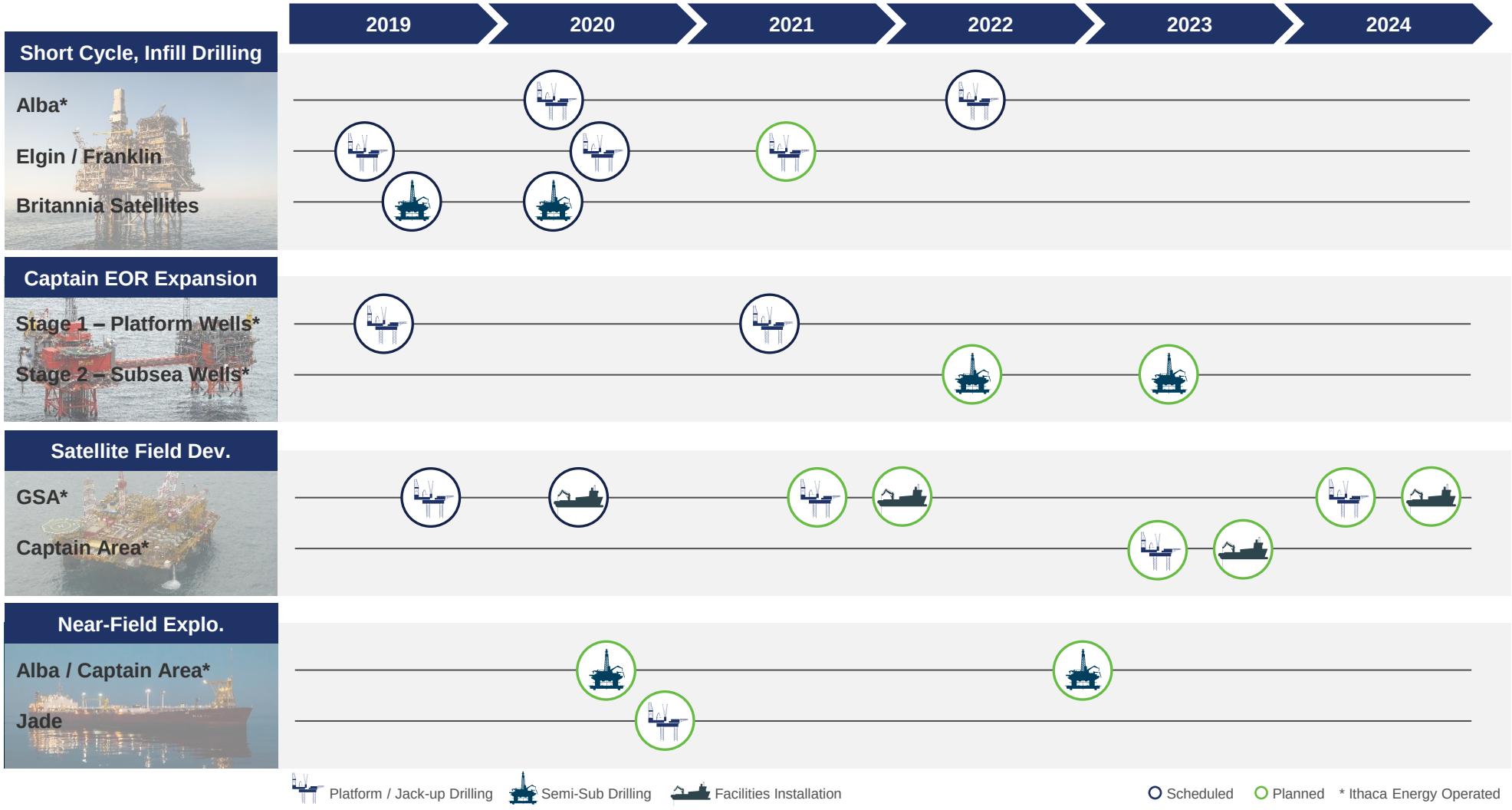
Source: Company information; Independent reserves evaluations as of 31 December 2018 performed by Sproule International Limited (Ithaca Energy assets) and Netherland Sewell Associates Inc. (acquired CNSL assets); Note: Other operated assets include Alba & Cook; Other non-operated assets include Elgin Franklin, Jade, Dons / Broom & Pierce; 1. CNSL historical production for only the acquired assets; 2. GSA includes the Vorlich field that is operated by BP in the development phase; 3. Britannia & Satellites include the Alder field subsea tieback that is operated by CNSL

Portfolio overview… weighted towards operated assets

		Operator	Working Interest	2019E production (kboe/d)	2P Reserves (MMboe)	% Liquids[1] Reserves	Field Start-Up
	**Captain** ▪ Heavy oil field with multiple wells over several reservoirs – 1.1Bn barrels of oil initially in place, 30% recovery to date ▪ Enhanced oil recovery (EOR) programme on-going to materially increase ultimate reserves recovery across the reservoirs		85%	25	53	~100%	1997
	**Greater Stella Area** ▪ New production hub - high production efficiency, low unit opex ▪ "Hub and spoke" development strategy of satellite fields tied back subsea to central infrastructure – low incremental capex, high margin barrels	bp	34% - 100%	16	68	48%	2017 / 2018
	**Erskine** ▪ Low cost HPHT gas-condensate field developed via a normally unmanned platform ▪ Defined infill drilling and step-out exploration targets		50%	9	17	51%	1997
	**Other Operated Assets** ▪ Established Alba heavy oil field – life extension activities focused on infill drilling and near-field exploration ▪ Historical out-performance of Cook oil field driven by larger volume in place – injection well drilled in 2019 to maximise reserves recovery		23.37% - 61.35%	6	21	89%	1994 / 2000
	**Britannia & Satellites** ▪ Five field production hub, including Chevron operated Alder subsea tieback ▪ Additional upside cost and reserves potential – like-minded independent acquiring operated interests of Conoco	ConocoPhillips	Various	18	35	32%	1997 - 2016
	**Other Non-Operated Assets** ▪ 7 field interests, including world-class Elgin / Franklin gas-condensate HPHT field ▪ Infill drilling programmes on-going and Pierce oil field transition to gas cap blowdown scheduled for early 2020s	TOTAL ConocoPhillips EnQuest	Various	9	29	53%	1999 - 2015

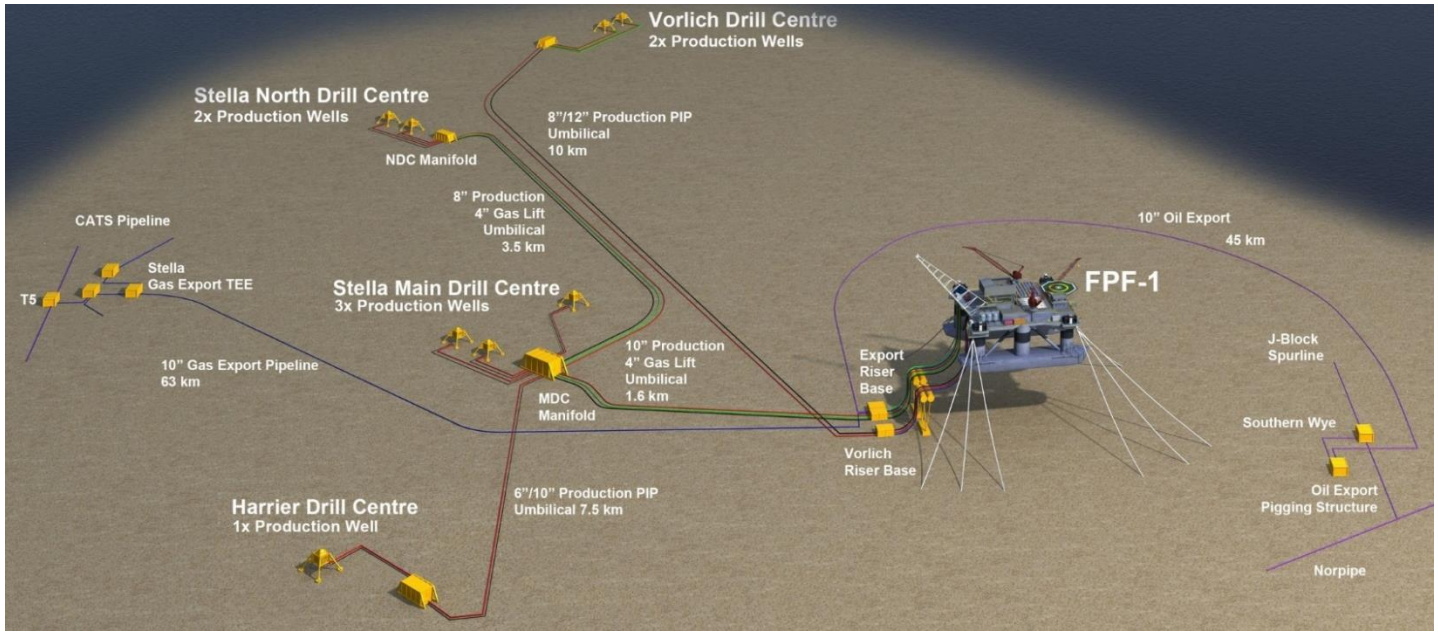
Note: Other operated assets include Alba & Cook; Other non-operated assets include Elgin Franklin, Jade, Dons / Broom & Pierce;
1 Liquids refer to total oil & NGL reserves

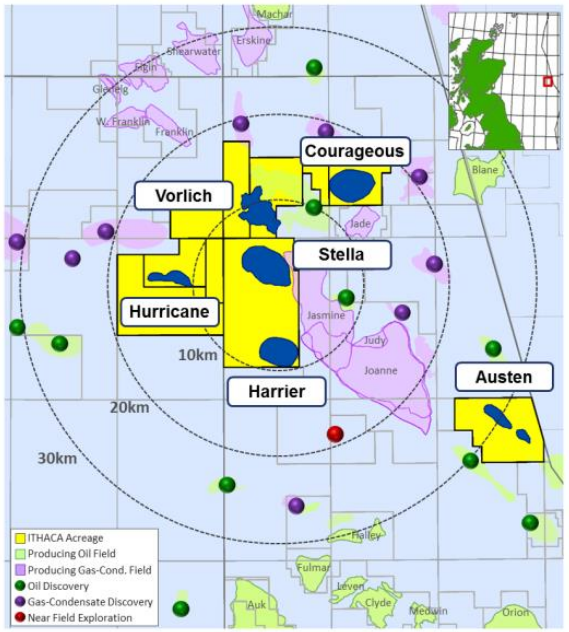
Attractive growth outlook… well defined investment programmes



Balanced, full-cycle investment portfolio – work programmes focused on maintaining and growing production and reserves

Strong track record… proven operational expertise





Ithaca established the GSA as a new operated production hub to capture the value of multiple undeveloped discoveries

- *Acquired field interests through multiple acquisitions and licence rounds – consolidation of controlling interest across assets*
- *Hub started up with Stella field in 2017, followed by Harrier in 2018 – Vorlich scheduled for 2020*
- *Excellent "zip code" – significant inventory of discoveries, diverse reservoirs*

GSA "Hub and spoke" strategy – leveraging proven infrastructure development, operational and commercial expertise

- *Constructed central infrastructure centred on the "FPF-1" floating production facility*
- *Prudent risk management in capex intensive development phase – lump-sum / turnkey contracting, cashflows underpinned by hedging*
- *Expansion of hub via subsea tieback of satellite fields – high return, quick payback developments funded from cashflow*

Active North Sea operator for over 12 years, with a proven track record for value creation from new field developments

Strategy… focus on operational excellence, financial strength and value creation

Operational Strength

Establishing a leading independent North Sea operator

- *Focus on lower risk production and development led growth*
- *Culture centred on delivering top quartile operational performance with industry-leading HSE standards*

Superior Cashflow Generation

Focus on production performance and cost efficiency

- *Maximise portfolio value through optimisation of reservoir performance and production efficiency*
- *Drive efficiency gains and cost savings within a revitalised and dynamic independent organisation*

Financial Discipline

Maintain a strong balance sheet, solid liquidity and appropriate risk management

- *Maintain a conservative financial profile – target leverage ratio below 2.0x through the cycle*
- *Actively hedge to protect and limit exposure to commodity price risk*
- *Targeting minimum liquidity of $250M*

High Value Growth

Delivering a balanced blend of organic and inorganic capital investments

- *Capital prioritisation of short-cycle, quick payback organic development and production enhancement activities*
- *Consolidate positions around existing hubs and synergistic portfolio bolt-ons*

Financial policy

Low Leverage

Target leverage ratio below 2.0x through the cycle

- *Near term focus on deleveraging with free cash flow proceeds*
- *Enhanced debt structure with significantly lower pro-forma leverage*
- *$1.65Bn Reserve Based Lending senior debt facility, $700M acquisition facility and significant Delek equity contribution*

Balanced Capital Structure

Strong equity injection

- *Targeting equal debt / equity mix pro-forma the acquisition*
- *Balanced use of free cash flow across debt repayment, capex and shareholder returns*
- *Emphasis on use of free cash flow for high NPV capital investment in the business*

Significant Liquidity

Robust liquidity headroom

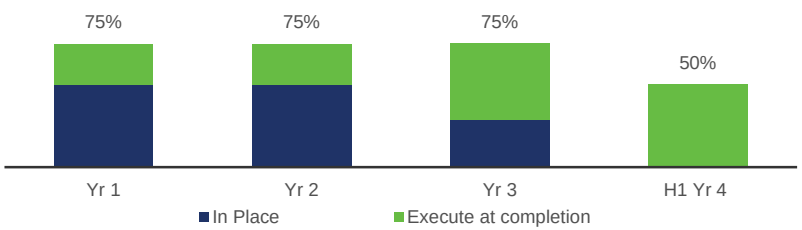
- *Proven track record of disciplined, proactive management of liquidity profile*
- *Liquidity above target level of $250M at acquisition close*

Superior Hedging

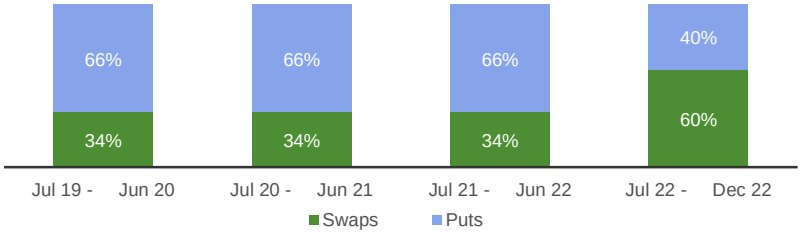
Commodity hedging policy – 75% hedged for 3 years, 50% hedged for first half of year 4

- *Over 50% of post acquisition hedges executed pre-signing – dominance of put options*
- *Average oil floor $65.5bbl & gas floor £0.54/th ($7/mcf)*
- *Hedging program will remove >$2.5bn of revenue[2] (net of premiums) from commodity exposure*

Hedging Policy (% Production[1])



Target Hedging Mix



1 – Hedges currently in place total ~50% of production in years 1 & 2 and ~28% of production in year 3
2 – Assuming remaining hedges can be executed at the current weighted average price

Delek Group… highly supportive shareholder

Delek Group E&P Operations


Tamar Gas Field


Leviathan Gas Field

Ownership

Long-term strategic shareholder focused on international building a high quality… >$1.3Bn invested in Ithaca since 2015

- *Delek Group is a Tel-Aviv stock exchange listed (TASE:DLEKG) holding company established in 1951*
- *Delek is in the final stages of transforming from a diversified conglomerate into a world-class E&P company – divestment of non-E&P interests nearing completion*
- *Delek's oil and gas interests are focused on three areas – Eastern Mediterranean, North Sea and Gulf of Mexico ~1,670 MMboe net proven and probable reserves and resources*

Mandate

Establish a leading North Sea independent oil and gas operator

- *Deliver sustainable reserves and cashflow growth*
- *Strategically deploy capital for further organic growth and bolt-on acquisitions*
- *Seek out attractive investment dollars in the public equity markets*

Approach

Investment focus on production and development activities, with targeted near-field step out exploration around existing assets

- *Maintain a strong, low cost stand-alone financial profile – minimising commodity price exposure through hedging*
- *Maintain a weighting towards operated asset positions – indifferent to oil / gas mix*

Source: Delek Group information

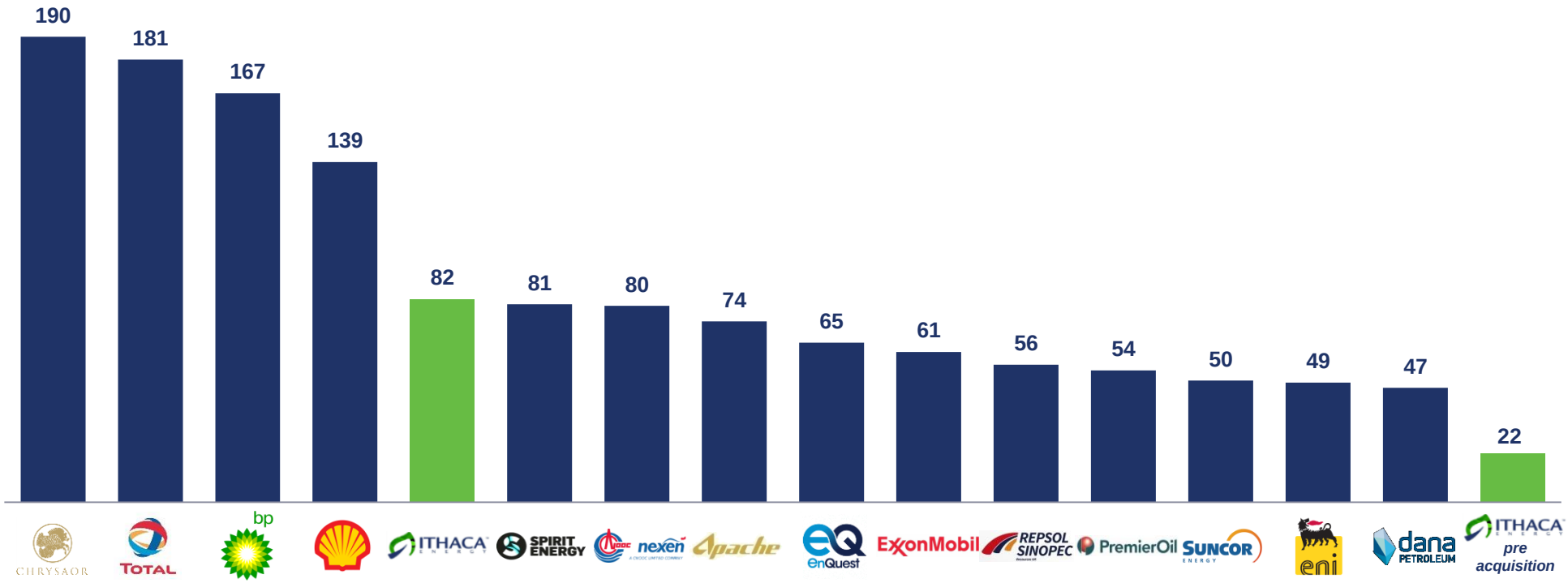
Key credit highlights

1. Material UK North Sea operator – fifth largest producer
2. High quality asset portfolio with strong production track record
3. Low unit opex ensures resilience to lower commodity prices
4. Well invested asset base with control and flexibility over future capex
5. Strong free cash flow generation
6. Cashflows supported by tax allowances and limited near term decommissioning
7. Highly experienced management and organisation

1 Material UK North Sea operator… fifth largest UK producer

- CNSL acquisition delivers a material increase in the operational and financial scale of the business
- Balanced mix of high quality, established producing assets contribute to a robust production record and outlook
- Enlarged portfolio provides diverse investment opportunity set – strong organic reserves replacement outlook

2019E UK North Sea Production (kboe/d)

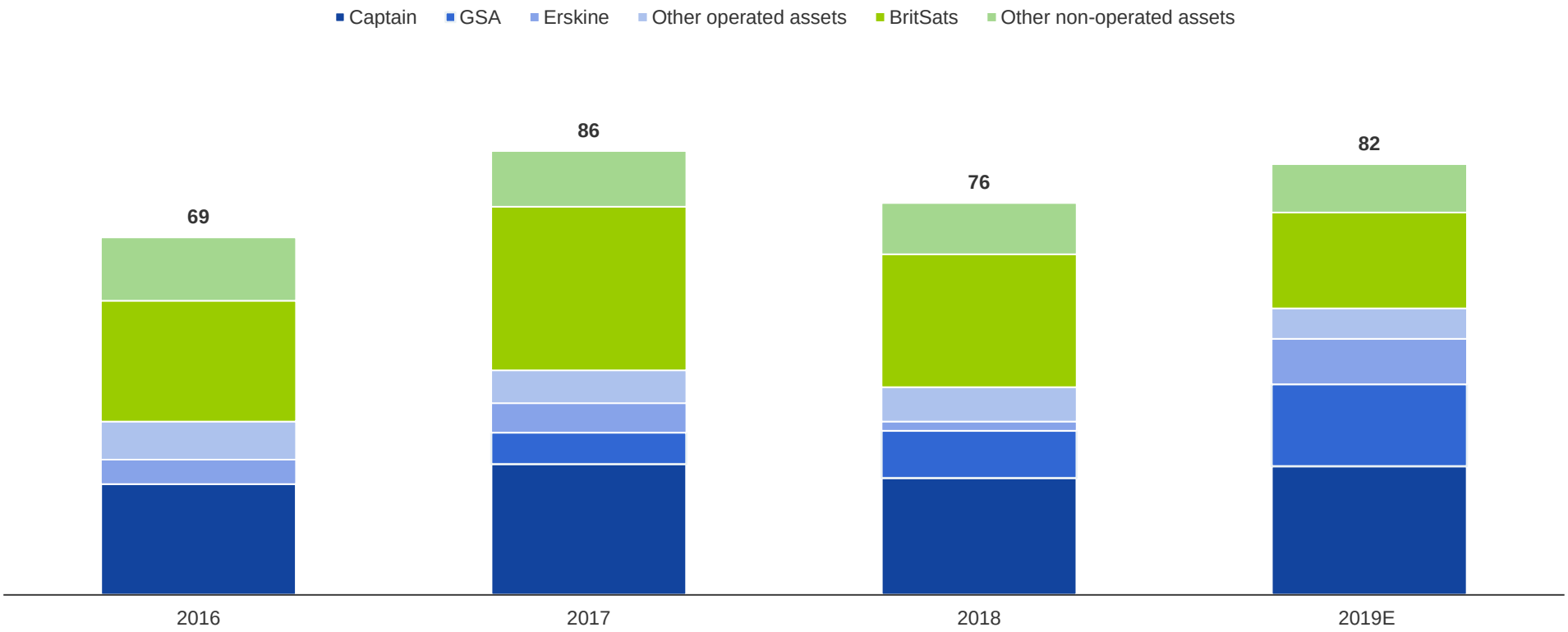


Source: Wood Mackenzie, NSAI, Sproule

2 High quality asset portfolio with strong production track record

- **Broad asset portfolio, with strong production track record and weighted towards operated assets – minimising concentration risk**
- **GSA: "hub and spoke" development of satellite fields via central infrastructure, with new field start-ups every ~2 years**
- **Captain: increasing volumes underpinned by continued roll-out of enhanced oil recovery (EOR) programme involving polymer injection to enhance reservoir sweep – migration of contingent resources into reserves with sanction of Stage II investment programme**
- **Multiple low capex, infill drilling activities providing additional high netback barrels across the portfolio**

Production[1] (kboepd)



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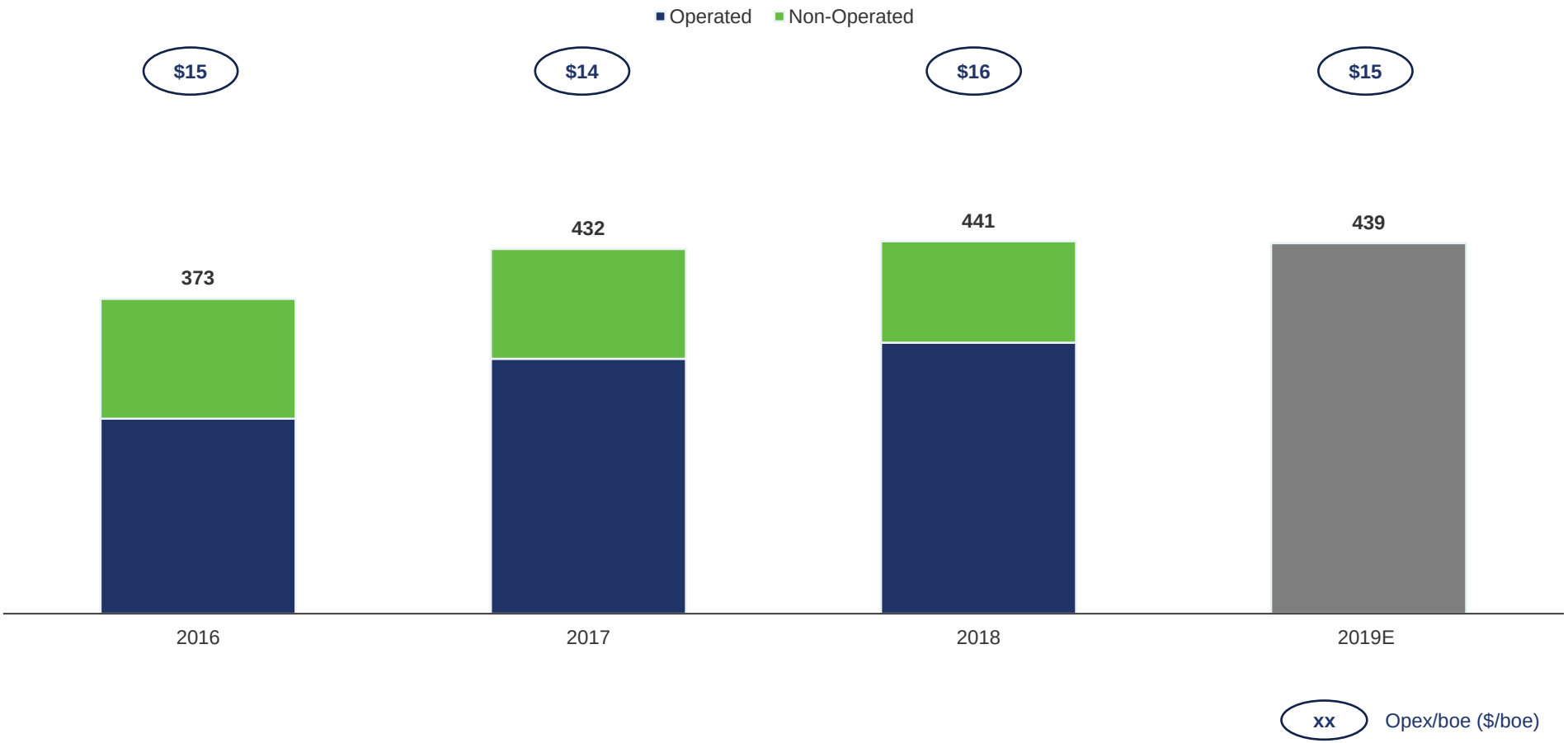
1. Britannia & Satellites include the Alder field subsea tieback that is operated by CNSL

3 Low unit opex ensures resilience to lower commodity prices

- **Competitive unit operating expenditure track record – ~70% of costs controlled via operated asset positions**
- **Unit opex broadly constant – increase in total opex attributable to variable costs associated with additional production volumes**
- **Clear scope to secure future cost savings across the operated asset portfolio within the enlarged business – driving savings through efficiency, procurement and organisational synergies and initiatives**

Operating Expenditure ($M)



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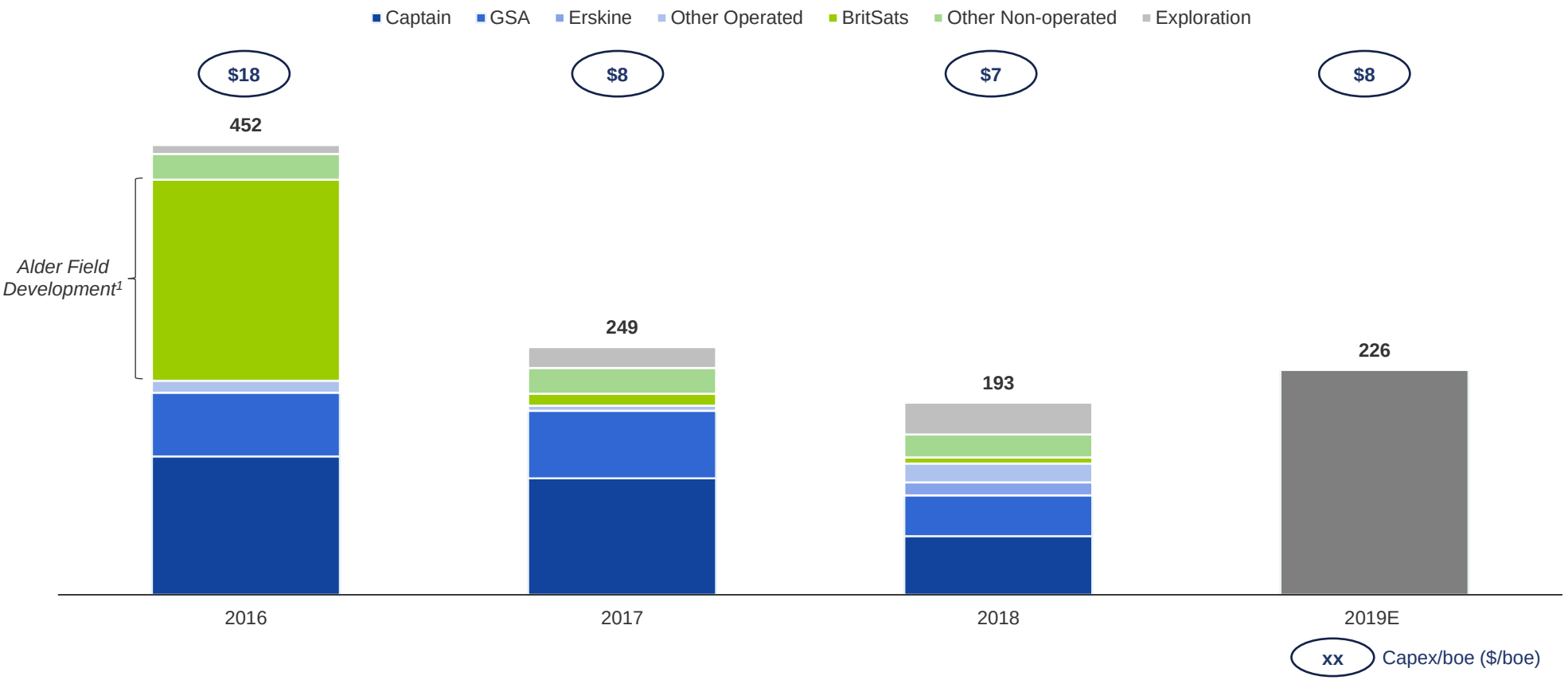
4 Well invested asset base with control and flexibility over future capex

- **High quality asset portfolio with a strong safety and production efficiency track record – maintenance programmes focused on managing the life of the offshore facilities to ensure maximum economic reserves recovery**
- **Capital expenditure programmes weighted towards operated assets – on provides means to maximise the value of investments**
- **Modest "base" unit capex profile, with periodic increases associated with new field start-ups – expenditures relate to adding production and reserves**

Capital Expenditure[1] ($M)



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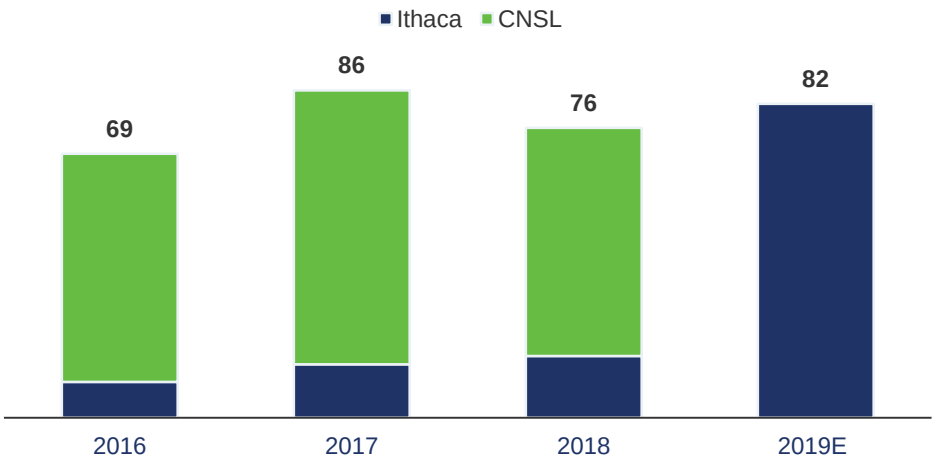
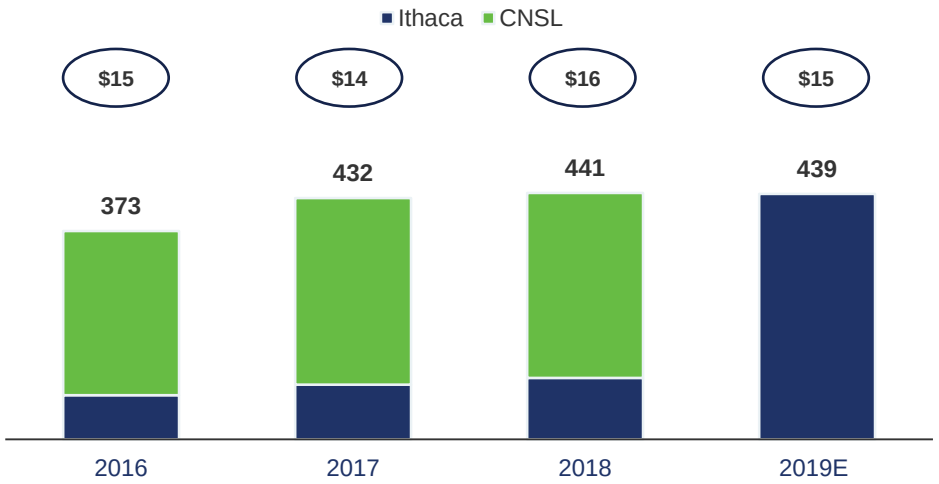
1. GSA includes the Vorlich field that is operated by BP in the development phase; Britannia & Satellites include the Alder field subsea tieback that is operated by CNSL

5 Strong free cash flow generation

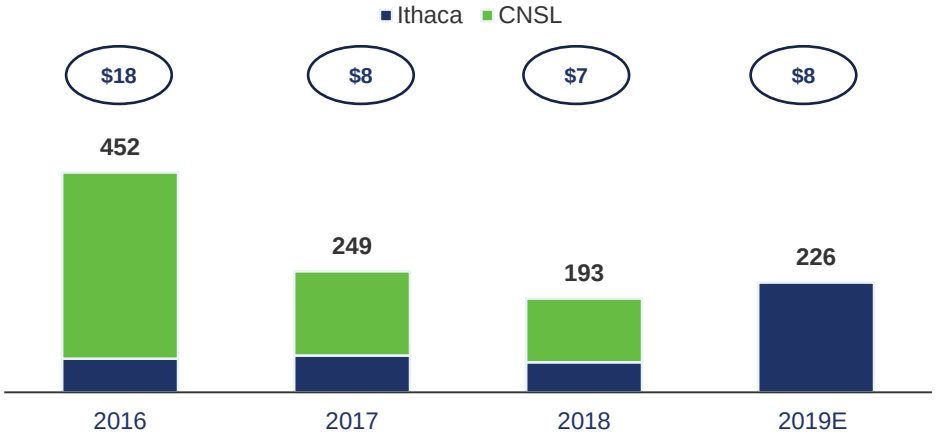
Production (kboepd)



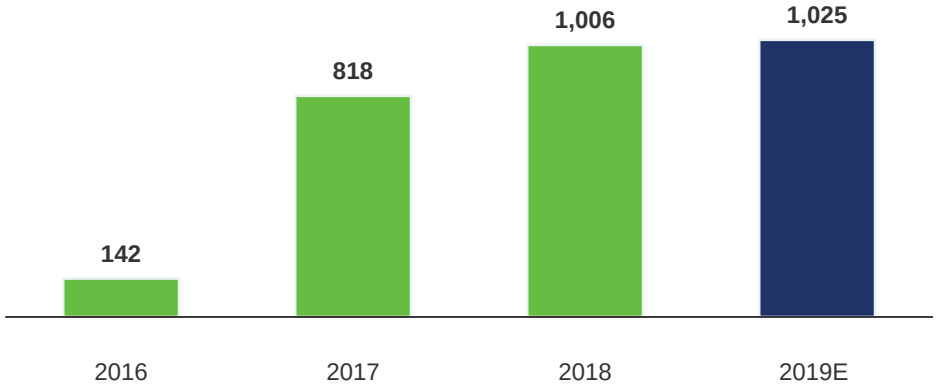
Operating Expenditure ($M)



Capital Expenditures ($M)



Operating Cash Flow[1] ($M)



xx $/boe

Source: Company information; Note: CNSL financials converted to U.S. dollars at an exchange rate of $1.35 (2016) / $1.29 (2017) / $1.34 (2018) to £1.00.
2019E reserves and pro-forma financial information based on 2P data included in the independent reserves evaluations as of 31 December 2018 performed by Sproule International Limited (Ithaca Energy assets) and Netherland Sewell Associates Inc. (acquired CNSL assets); 1. Operating cash flow calculated as revenue less opex, capex and decommissioning; based on Brent of $67.40/bbl and NBP gas of $7.60/MMBtu (nominal prices)

6 Cashflows supported by tax allowances and limited near term decomm.

Near term cash flows materially enhanced by accelerated utilisation of Ithaca's existing $2.2Bn UK tax allowances

No cash taxes forecast to be payable in near term[1]

- *~$880M value of allowances at the current marginal tax rate*

40% marginal tax rate (made up of 30% Corporation Tax, 10% Supplementary Charge) applied to UK offshore oil and gas producers

- *"Investment Allowance" regime designed to incentivise development activity – relief at 62.5% on qualifying expenditure from the Supplementary Charge*

Limited decommissioning expenditure over next 10 years

- *Letter of credit facilities means no decommissioning security cash postings forecast in near term*

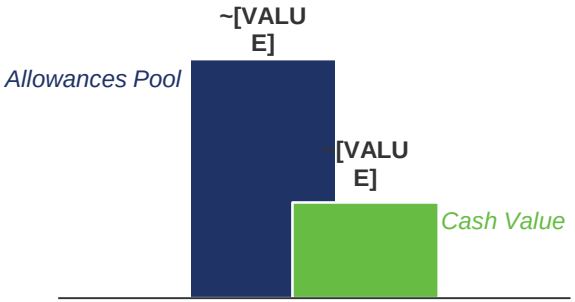
Two-thirds of all future decommissioning costs relate to operated assets – providing control and flexibility

Utilisation of tax history being transferred with CNSL provides full tax relief for future decommissioning costs

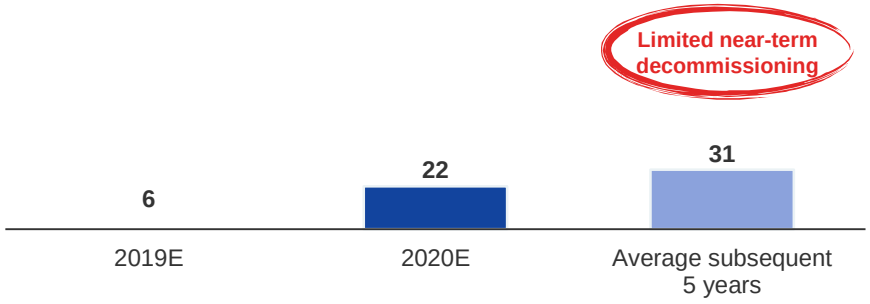
Significant upside from achieving industry target of reducing future decommissioning costs by 35% - driven by three key factors

- *Savings driven by efficiency gains, technology advances and regulatory changes*

Tax Allowances ($M)



Decommissioning Expenditure ($M)[2]



Material value attributable to acceleration of existing tax allowances and ability to optimise future decommissioning plans

Source: Company information; 1. Cash taxes will be payable by CNSL from 1 January 2019 acquisition effective date until completion; 2. Net post-tax decommissioning costs

7 Highly experienced management and organisation

- **Executive team with extensive North Sea oil and gas industry experience – led by CEO who previously ran Marathon Oil's European upstream business and Wood Group's production facilities business**
- **Full transfer of CNSL personnel to Ithaca facilitates a straight-forward transition of the business**

Les Thomas
Chief Executive Officer
Joined 2013
Reservoir Engineer

Graham Forbes
Chief Financial Officer
Joined 2010
Chartered Accountant

Richard Smith
Corporate Development Director
Joined 2010
Economist

Jamie Airnes
Operations Director
Joined 2011
Drilling Engineer

John Horsburgh
Subsurface & Growth Director
Joined 2008
Geophysicist

David Gibson
Assets Director
Joined 2019
Facilities Engineer

Anna O'Byrne
HR Director
Joined 2019
HR

Transition and transformation … resetting the CNSL business

Phase 1: Transition

- ***Safe and efficient handover of the business and assets***
- ***Replace the 'San Ramon' systems and processes with appropriate stand alone arrangements – certain IT / finance support functions, master supply contracts and commodity offtake arrangements***
- ***Minimise time between SPA signing and completing transaction – provides control to deliver on action plans and capture of tax synergies***

Phase 2: Transformation

- ***Re-set the CNSL business for simplicity and efficiency***
- ***Prioritised sequence of changes***

Management, culture and organisation

- *Build out the new management team*
- *Establish new business culture centred on accountability, performance and value focus*

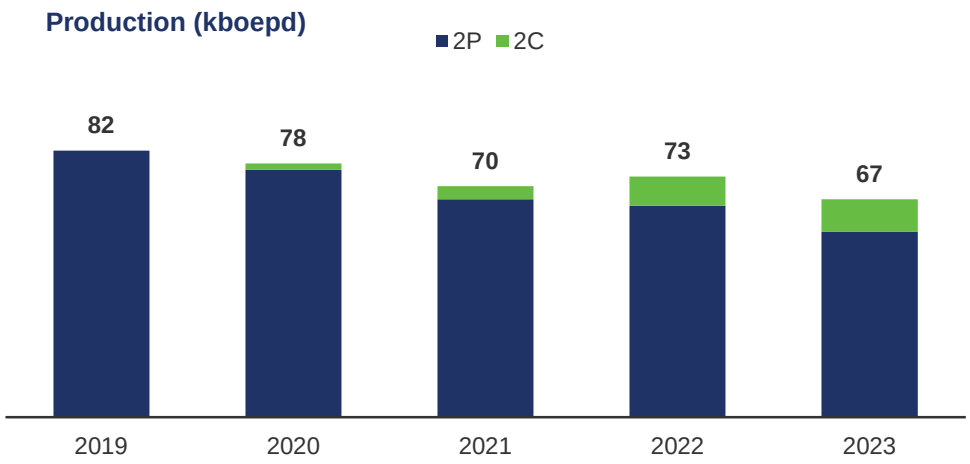
Systems & Processes

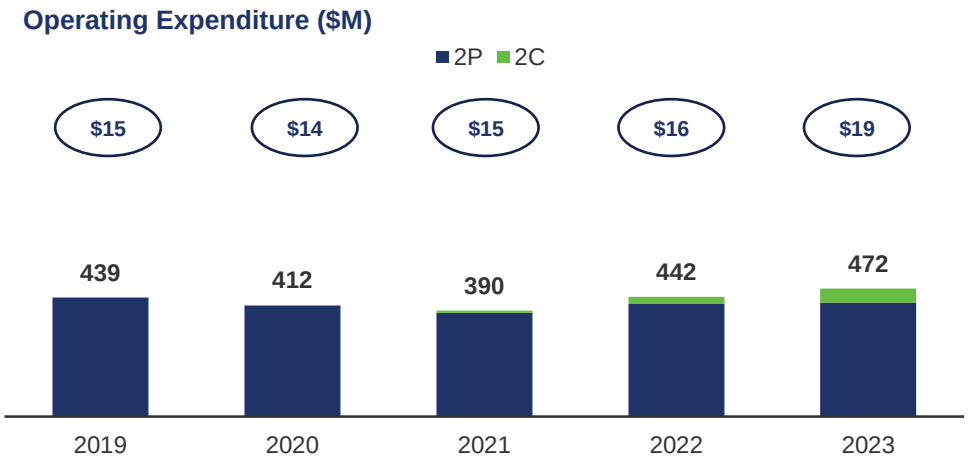
- *Simplification of processes – focus on added value*
- *Establish flexibility for efficiency and innovation*

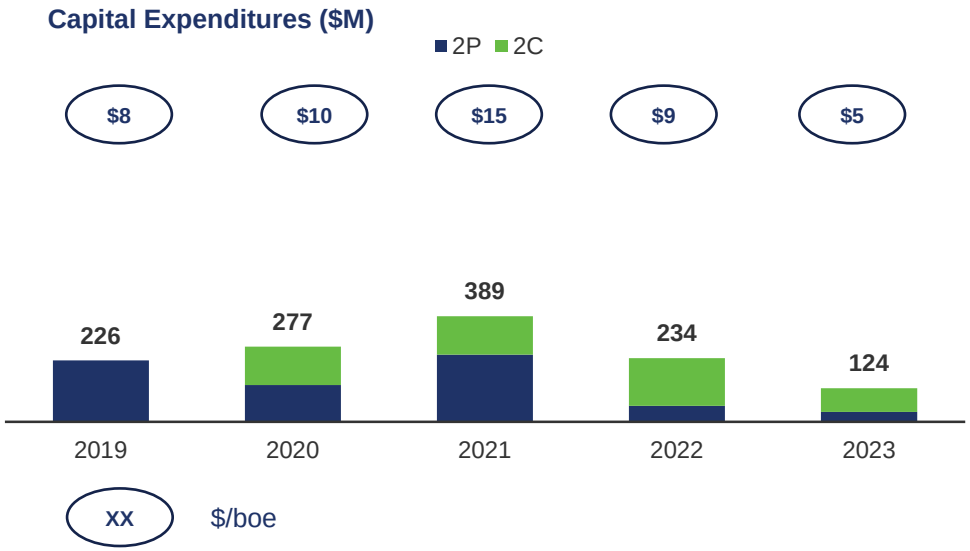
Portfolio Management & Performance

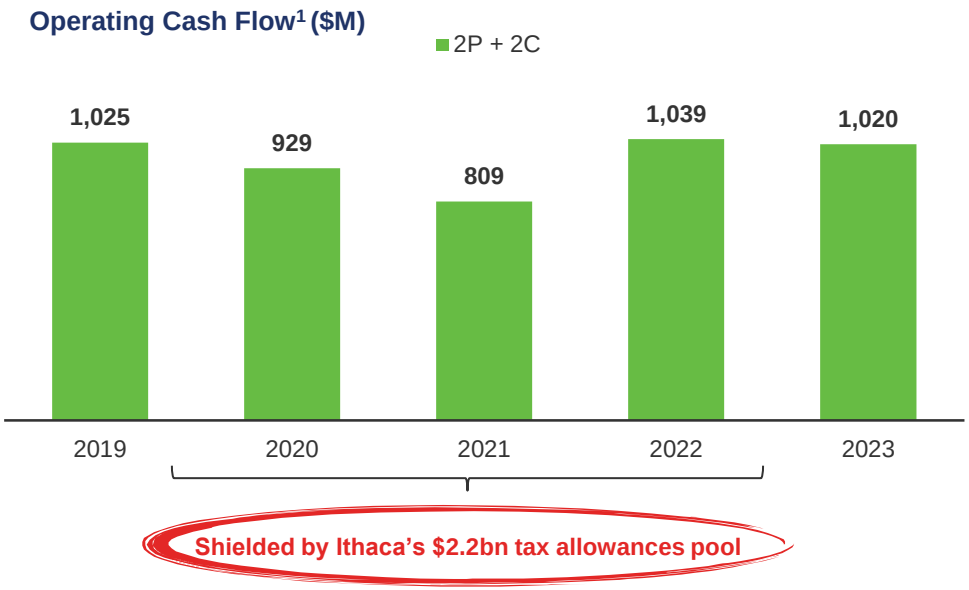
- *Revisit the 2019-20 operated assets work programmes and budgets – establishing the inside view of key priorities*
- *Re-certify and roll-out efficiency and cost targets for the business*
- *Prioritise additional production enhancement opportunities with acceleration of smaller quick pay back projects*
- *Rationalise supply chain contracts to support revised work programmes*
- *Rebuild long term plans and options based on lower costs to extended asset lives*

Independent Reserves Evaluation… highlights a strong outlook



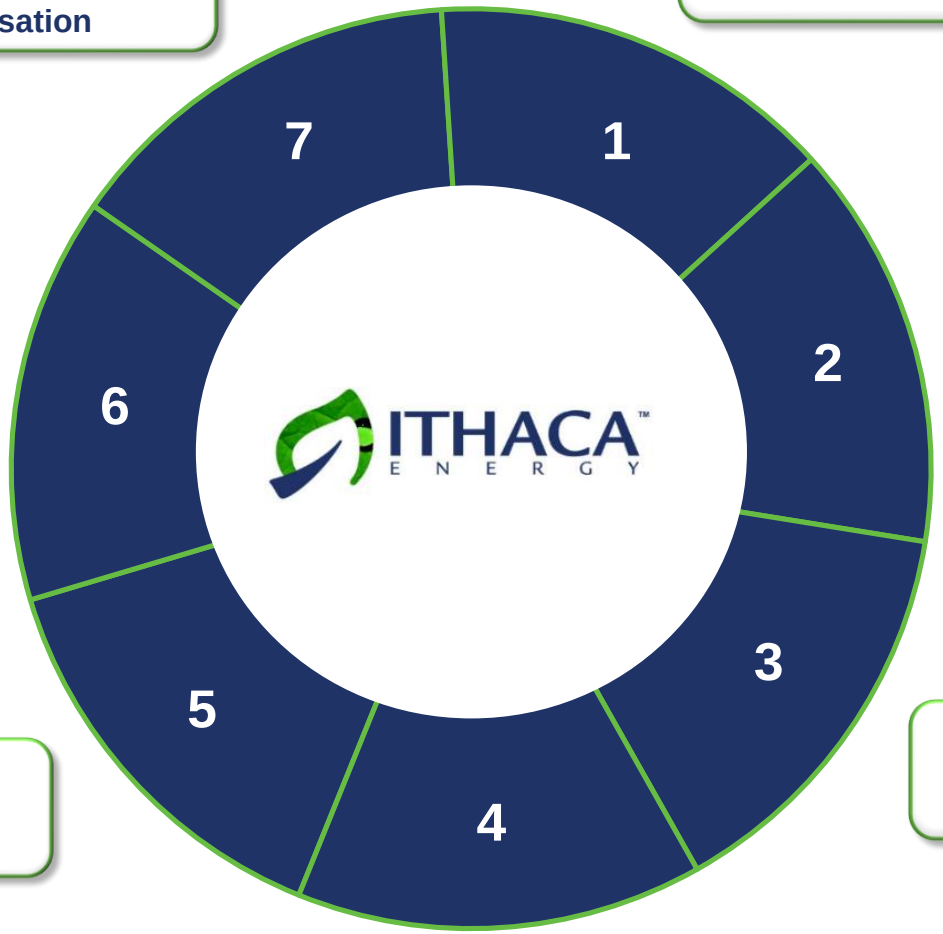






Reserves, resources and pro-forma financial information based on the data included in the independent reserves evaluations as of 31 December 2018 performed by Sproule International Limited (Ithaca Energy assets) and Netherland Sewell Associates Inc. (acquired CNSL assets); Operating cash flows are based on the following reserve report price decks: UK Brent: 2019 - $67.40/bbl; 2020 - $68.33/bbl; 2021 - $74.51/bbl; 2022 - $76.18/bbl; 2023 - $78.85/bbl; 2024 - $80.23/bbl; IPE NBP gas price: 2019 - $7.60/MMBtu; 2020 - $7.16/MMBtu; 2021 - $7.38/MMBtu ; 2022 - $7.81/MMBtu; 2023 - $8.36/MMBtu ; 2024 - $8.40/MMBtu (nominal prices); 1. $/boe totals displayed on a 2C basis; 2. Operating cash flow calculated as revenue less opex, capex and decommissioning

Key credit highlights



1. Material UK North Sea operator
2. High quality asset portfolio with strong production track record
3. Low unit opex ensures resilience to lower commodity prices
4. Well invested asset base with control and flexibility over future capex
5. Strong free cash flow generation
6. Cashflows supported by tax allowances and limited near term decomm.
7. Highly experienced management and organisation

Thank you

Delek Group

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