

Delek Group Ltd.

("The Company")

April 11, 2019

Att:

Israel Securities Authority
22 Kanfei Nesharim Street
Jerusalem

Tel Aviv Stock Exchange Ltd.
2 Ahuzat Beit Street
Tel Aviv

re: Execution of a Purchase Agreement for Acquisition of Producing Assets in Gulf of Mexico, USA

The Company hereby respectfully announces that on April 10, 2019, Delek CT Investment, LLC, a wholly owned United States-based subsidiary of the Company, incorporated in Delaware, (the "**Buyer**") entered into an Asset Purchase Agreement with Shell Offshore Inc. ("**Shell**" or the "**Seller**") to acquire the Seller's 22.45% (of 100%) interest in four oil and gas federal leases for exploration, development and production of oil and gas in the Caesar Tonga field in the US Gulf of Mexico, covering Blocks 683, 726 (S2 and E2NE4), 727 and 770 in the Green Canyon area at all depths) for a consideration as will be set out below in this Report (the "**Assets**", "**Oil Asset**", "**Purchase Agreement**" and the "**Transaction**", respectively).

The Caesar Tonga field is a producing oil asset, which began commercial production of oil and gas in March 2012. The Asset has, at Reporting Date, eight producing wells (the "**Wells**"), with current daily average production in 2019 up to the date of this report of 71,000 barrels of oil equivalent for the total gross asset and 16,000 barrels oil equivalent for the Buyer's stake. Expected reserves are of 68.5 million barrels of oil and 55 billion cubic feet natural gas (2P) (Buyer's stake), equal to 78 million barrels of oil equivalent. Caesar Tonga is one of the ten largest oil and gas producing fields in the Gulf of Mexico.

The operator of the Assets is Anadarko Petroleum Corporation (the "**Operator**" or "**Anadarko**"), who holds a 33.75% of the Oil Asset rights. The other partners in the Asset, in addition to the Operator and the Seller, are Equinor Gulf of Mexico LLC (23.55%) and Chevron USA Inc. (20.25%) ("**Equinor**", "**Chevron**" and together with the Operator and the Seller: the "**Partners**", respectively).

The Wells are connected by two pipelines to the production platform, Constitution Spar, which is 100% owned by Anadarko.

A. Purchase agreement

Summary of material terms of the Asset Purchase Agreement:

1. The consideration fixed for the purchase of the interests in the Oil Asset (22.45%) is USD 965 million (the "**Purchase Price**"). The purchase price reflects the enterprise value of the Assets as of January 1, 2019, which is the effective date of the Transaction. At closing of the Transaction before September 30, 2019, it will be noted that the Purchase Price will be adjusted by the net amount of revenues and expenses attributable to the Asset, from effective date of the Transaction through Closing of the Transaction. According to the unaudited data received from the Seller, as of March 31, 2019, together with the Buyer's assessments based on the current oil price forecast, the Buyer estimates that the foregoing

adjustment will amount to USD 180 million if the Closing will occur at the end of the third quarter of 2019, which according to the provisions of the Agreement, will be deducted from the Purchase Price, so that the amount due at Transaction Closing is expected to be USD 785 million (the “**Closing Payment**”).

Forward looking information: the foregoing estimate of the amount to be deducted from the Purchase Price constitutes forward-looking information as defined in the Securities Law, which is based, among other things, on estimates regarding information that the Company does not have or that the Company has not assessed in full. The actual amount to be deducted from the Purchase Price depends on factors that are not under the control of the Company, and may therefore differ materially from that stated above.

2. On the date of signing of the Agreement and as part of the consideration for the Transaction, the Buyer has paid to Seller a USD 50 million deposit (the “**Deposit**”). At closing of the Transaction, the Deposit will be deducted from the amount of the Closing Payment. If the transaction cannot be completed for the reasons as specified in the Agreement, including due to exercise of the preferential rights by one of the parties as set out below, and not due to a breach of the Agreement by the Buyer, then the Seller will return the Deposit to the Buyer. The foregoing Deposit will be used by the Parties as their exclusive and sole remedy in the event the transaction does not close.
3. The Agreement clarifies that each of the other Partners in the Asset (Chevron, Anadarko and Equinor) has a preferential right to purchase the Assets pursuant to the operating agreements covering the Assets, at the same terms as agreed by the Buyer. (the “**Preferential Rights**”). The Preferential Rights may only be exercised in full, within no more than 30 days from receipt of the preferential rights notice. If any party or parties wish to exercise their Preferential Rights, the Transaction will be cancelled and the Buyer will be entitled to receive a refund of the Deposit.
4. At the closing of the Transaction, the Buyer will enter into a long-term agreement with an affiliate of the Seller, Shell Trading (US) Company (“**STUSCO**”), for the purchase/sale of oil that will be produced from the Oil Asset (the “**Marketing Agreement**”). The Marketing Agreement would stipulates that STUSCO will be obliged to purchase the oil produced from the eight existing wells in the oil field for a period of 30 years, at market prices or prices matched to third party offers. The Marketing Agreement includes a cancellation mechanism in the event that the Buyer sells the Asset.
5. Promptly after execution of the Purchase Agreement, Buyer and Seller will file notice and application to the relevant authorities, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (“**HSR**”). Closing of the Transaction is conditioned upon approval or expiry of waiting periods under the HSR.
6. The Buyer’s obligations to close the Transaction is conditional on the following conditions: (1) waiver or expiry of the Preferential Rights; (2) an injunction or other action that may prevent the completion of the transaction has not been issued; (3) customary representations and warranties by the Seller; (4) the waiting period for an application under the HSR has expired; (5) all necessary third party approvals have been received; (6) no event has occurred that causes a material adverse change as defined in the Purchase Agreement.
7. The Agreement will be closed after all contingent conditions have been met and no later than September 30, 2019.

8. Following Closing, the Buyer will assume all the obligations and rights related to the Assets, including abandonment and environmental obligations. The Buyer provides the Seller with guarantees in respect of its undertakings with regard to abandonment. The Purchase Agreement includes additional provisions, representations, undertakings and indemnification arrangements between the parties in respect of any breach of such representations or undertakings, as is customary in transactions of this type.

B. Financing for the acquisition of the Asset

The Company and the Buyer intend to obtain financing for the Transaction, mainly through reserve based lending (RBL) from a consortium of international banks, for a total of USD 440 million, and non-recourse to the Buyer.

As of the Reporting Date, the Buyer has received a letter of undertaking from a number of international financiers that have expressed their agreement in principle to provide the Company with RBL credit facilities for a total of USD 440 million, but no binding agreements have yet been signed with regard to this financing .

With regards to the balance of the consideration, the Company is conducting negotiations with financial institutions for the provision of non-recourse loans to the Buyer for half of the remaining balance which will be guaranteed by liens on the oil asset and additional collateral. The remainder of the balance will be financed by, inter alia, partners joining the Buyer and/or from the Buyer's sources (equity), based on the final financing structure that the Buyer will choose out of the various options before it and/or those that it receives close to the closing date of the Transaction.

The Company has begun hedging operations on the oil price covering the production of the Oil Asset for the coming three years at a price of USD 57 per barrel of oil in order to secure future revenues.

C. Information pertaining to the Assets

Bellow Information pertaining to the Oil Asset, as at reporting date. It is hereby clarified that at the date of this Report, the buyer has no rights in the Oil Asset, and all the details presented in this Report with regard to the Asset are to the best of the Company's knowledge and are based on due diligence conducted by the Company, inter alia, through outside consultants, and information received from the Seller.

As shown in the map below, the Oil Asset is located in the US Gulf of Mexico, and covering an area known as Green Canyon Block 683, Green Canyon Block 727, Green Canyon Block 770 and part of the area of Green Canyon Block 726, a total area of 90 square kilometers. The Partners in the Oil Asset received leases from the US government for exploration, development and production in the foregoing Blocks, as set out in the table below

To consolidate the exploration, development and production activities in the oil field which, as aforesaid, covers four Blocks, a unit agreement was signed in 2008 to unite operations in the leases area as if they were a single Lease ("**the Unit Agreement**"). The Unit Agreement is between the Partners and the US Bureau of Safety and Environmental Enforcement ("**BSEE**"). Under the Unit Agreement, the unit area will be known as the Green Canyon Block 683 Unit ("**Unit 683**"). For further information, see section 11 below.

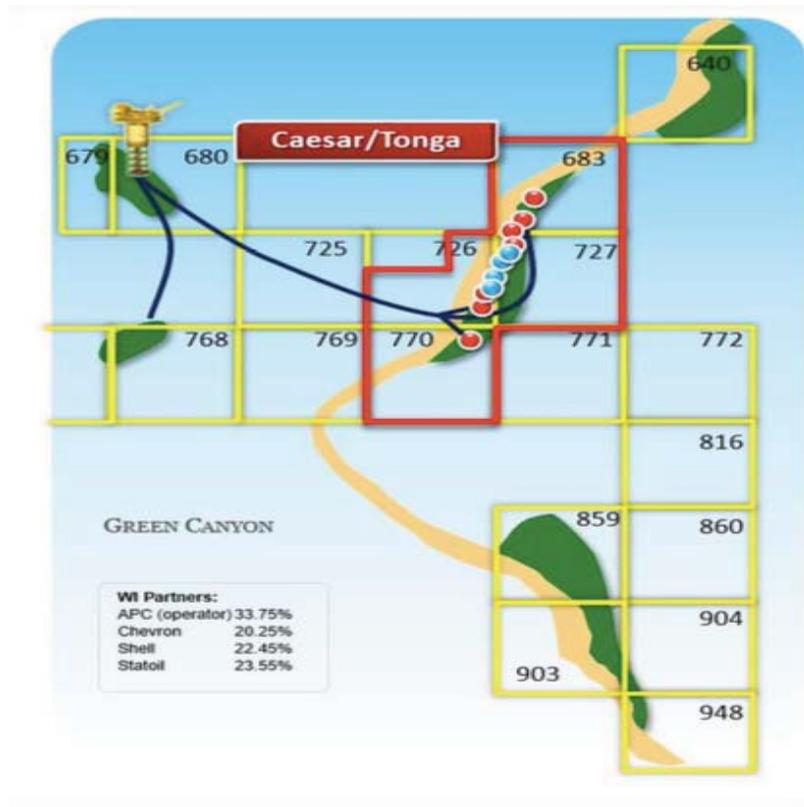
1. General Details

General information about the oil asset	
Name of oil asset	Caesar-Tonga
Location	The Caesar-Tonga oil field is located 300 km south of the State of Louisiana, at a depth of 1,500 meters, in the Gulf of Mexico, USA.
Area	The total area of the Oil Asset is 90 square kilometers
Type of oil asset and description of permitted operations according to that type:	US Government concessions for exploration, development and production of oil and gas within a defined Oil and Gas Lease area.
Original grant date of the oil asset	1. OCS-G 18421 (KC Block 683) – 1.5.1997; 2. OCS-G 24179 (KC Block 726) – 1.7.2002; 3. OCS-G 16783 (KC Block 727) – 1.9.1996; 4. OCS-G 24184 (KC Block 770) – 1.7.2002.
Original expiry date of the oil asset	The leases were originally granted for a period of 10 years. In July 2008, the Unit Agreement was signed, under which the leases will remain in force as long as commercial quantities of petroleum are produced.
Decision date for extension of the period of the oil asset	
Current expiry date of the oil asset	
Note whether there is an additional option of extending the period of the oil asset: if there is such an option, note the period of the possible extension	
Name of Operator:	Anadarko Petroleum Corporation
Names of the direct partners in the oil asset and their direct share in the oil asset and, to the best of the Company's knowledge, the names of the controlling owners in the partners	Anadarko Petroleum Corporation- 33.75% Shell Offshore Inc - 22.45% Chevron USA Inc. – 20.25% Equinor/Statoil - 23.55%

2. The Company's share in the oil asset

General information about the Company's share in the oil asset	
Acquisition date of the lease for the acquired oil asset	The Purchase Agreement signed on April 10 2019, is effective as of 1 January 2019.
Description of the Company's holding in the oil asset	Subject to Closing of the Transaction, the Company will hold the Asset through a wholly owned United States-based subsidiary.
Effective share of oil asset revenues attributable to equity holders of the Company:	Subject to Closing of the Transaction, the Company will hold 22.45% of the interests, and the actual attributable share of the equity holders of the Company will be 19.64% -22.24%.
Total share of the Company's equity holders in the cumulative investment in the oil asset in the five years preceding the last day of the reporting year (whether recognized as an expense or as an asset in the financial statements):	-

3. Map of the oil asset



4. Operations before holding the Oil Asset

Below are details, to the best of the Company's knowledge and on the basis of information provided by the Seller, regarding the operations carried out in the area of the Oil Asset at the signing of the Purchase Agreement.

<u>Operations in the oil asset fields before the Company held the oil asset</u>			
<u>Identity of the rights holder at the date of performance of the operation</u>	<u>Period in which the operation was carried out</u>	<u>Summary of the operation</u>	<u>Summary of the operating expenses</u>
Anadarko	2014 - 2018	Drilling of wells	Complete drilling of 8 development wells
Anadarko	2014 - 2018	Laying of pipelines	Complete laying of submarine pipeline to the Constitution SPAR platform

5. Compliance with the terms of the work plan

To the best of the Company's knowledge, as at the date of the Purchase Agreement, the binding work plan has been met in full, in accordance with the terms of the Leases.

6. Development Plan of the Oil Asset

To the best of the Company's knowledge, the Buyer has estimated the following principle actions for the Lease area:

<u>Period</u>	<u>Summary of actual operations in the period or of the planned work plan</u>	<u>Estimated total budget for operations on the level of the oil asset (USD thousands)</u>	<u>Actual participation of the Company's equity holders in the budget (USD thousands)</u>
2019	extension facility work	9,000	2,020
2020	extension facility work and well stimulations	114,000	25,600
2021	2 well stimulations and facility work	18,700	4,100
2022 onwards	2 wells drillings and facility work	209,500	47,000

Forward-looking information: the information regarding the planned operations in the oil field, including the costs, schedules, and actual performance, is forward-looking information as defined in the Securities Law, based on general and preliminary assessments of the Company and for which the Company has not yet conducted a comprehensive assessment. Implementation of the actual work plan, including schedules and costs, may differ materially from the above estimate and is subject, among other things, to market conditions, regulation, many external circumstances, including technical requirements and capacity, and economic viability.

7. Participation rate in the expenses and revenues

<u>Participation rate</u>	<u>%</u>	<u>Percentage grossed up to 100%</u>	<u>Explanations</u>
Actual rate attributable to the Company's equity holders in the oil asset GC 726 GC 770 GC 683 GC 727	22.45 22.45 22.45 22.45	-	Standard 12.5% royalty Standard 12.5% royalty Royalty relief Royalty relief
Actual share of oil asset revenues attributable to equity holders of the Company GC 726 GC 770 GC 683 GC 727	19.64 19.64 22.45 22.45	87.48 87.48 100 100	Standard 12.5% royalty Standard 12.5% royalty Royalty relief Royalty relief
Actual rate of participation of the Company's equity holders in expenses arising from exploration, development or production operations in the oil asset	22.45	22.45	Company's working interest in oil asset

8. Participation rate of the equity holders in revenues from the Oil Asset

<u>Description</u>	<u>%</u>	<u>Summary of the calculation method for royalties or payments (including deduction of expenses and others)</u>
Projected annual revenues of the oil asset		
GC 726	100	Interest in Revenues = Working interest X (1.0 – Royalty rate)
GC 770	100	Interest in Revenues = 22.455 X (1.0 – 0.125)
GC 683	100	No royalty until block produces 87.5 MMBOE
GC 727	100	No royalty until block produces 87.5 MMBOE
<u>Royalties or payment (derived from revenues after the discovery)at the level of the oil:</u>		
Royalties to the US Federal Government		
GC 726	12.5	Standard federal royalty
GC 770	12.5	Standard federal royalty
GC 683	0.0	No royalty until block produces 87.5 MMBOE
GC 727	0.0	No royalty until block produces 87.5 MMBOE
Adjusted revenues on the level of the oil asset		
GC 726	87.5	Interest in Revenues = Working interest X (1.0 – Royalty rate)
GC 770	87.5	Interest in Revenues = 22.455 X (1.0 – 0.125)
GC 683	100	No royalty until block produces 87.5 MMBOE
GC 727	100	No royalty until block produces 87.5 MMBOE
Share of the adjusted oil asset revenues attributable to the Company's equity holders (linked)	22.45	
Share of the Company's equity holders in the actual rate of revenues, at the level of the oil asset (before other payments at the level of the Company)		
GC 726	19.6438	Interest in Revenues = Working interest% X (1.0 – Royalty rate)
GC 770	19.6438	Interest in Revenues = 22.455% X (1.0 – 0.125)
GC 683	22.4500	No royalty until block produces 87.5 MMBOE
GC 727	22.4500	No royalty until block produces 87.5 MMBOE

9. Participation rate of the Company's equity holders in exploration, development and production expenses of the Oil Asset

<u>Description</u>	<u>%</u>	<u>Breakdown of the method of calculation for royalties or payment</u>
Theoretical expenses of the oil asset	22.45	Company's working interest = 22.45% 22.45% of all direct costs to asset. 22.45% of operator's allocable overhead (13% of operators overhead costs attributable to asset) 22.45% of all tariffs & fees
<u>Payments (derived from the expenses) at the level of the oil asset:</u>		
Total actual rate of expenses at the level of the oil asset	22.45	Same as above Excluding payments to the Operator calculated in a percentage of the different expenses, as described in the Unit Operating Agreement.
Share of the Company's equity holders in the oil asset's expenses (linked)	22.45	Same as above
Share of the equity holders of the Company in the actual rate of expense, at the level of the oil asset (before other payments at the level of the Company)	22.45	Same as above
Total	22.45	

10. Material Agreements between the Oil Asset Partners

10.1. Unit Agreement

To consolidate the exploration, development and production activities in the oil field, which as aforesaid, covers an area of four blocks, on July 24, 2008, the Partners in the Asset, at that time, and BSEE signed a unit agreement consolidating operations in the area under a single Lease. The Unit Agreement is the overriding document applicable to the rights, in the event of any contradiction between the Unit Agreement and other agreements, including the JOA described below, the Unit Agreement will apply. Other than where stated otherwise in the Unit Agreement, and subject to the terms of the operating plans that were approved, the exclusive rights and obligations of the Partners who are not party to the Unit Agreement for the exploration, development and production of oil and/or gas in the Lease areas have been delegated to the Operator.

The Unit Agreement expires when commercial volumes of petroleum are no longer produced from the Unit Area, and the exploration or processing operations of the Wells are no longer carried out, in accordance with the provisions of the plan and the operations under this Unit Agreement.

10.2. Unit Operating Agreement

Production in the Leases is regulated under a joint operating agreement that is effective since May 1, 2008, as amended from time to time (the "UOA". The purpose of the UOA is to establish the mutual rights and obligations of the Partners in respect of operations in the Lease areas (in this section: "**The Agreement Area**").

The UOA includes provisions and conditions, as is customary for similar ventures in the Gulf of Mexico region, and include, inter alia, provisions relating to the following matters: (a) appointment of Anadarko as Operator and definition of the Operator's liabilities, rights and obligations towards the other partners, including defining the Operator's rights to receive expenses and payments based on various types of operations as specified in the agreement; (b) establishing policy and procedures for approval of work plans, budgets, authority for expenditure (AFE) for operations in the Agreement area and to make decisions on other matters to be brought for vote by the Partners, including setting the majority required for approval of various types of decisions (in most cases, by two or more Partners who hold at least 51% of the voting rights); (c) establishing policy and procedures regarding execution of actions by some of the Partners, if the action was not approved by the majority required under the Agreement; (d) sanctions applicable to a Partner that fails to pay its relative share of the expenses or has committed another breach of its obligations; and (e) provisions and conditions with respect to the Partners' right to transfer or assign their interests in the Leases, subject to notice being given to the other Parties and granting the preferential rights to the other Partners to purchase them under the conditions set.

10.3. Treatment, transportation and sale of oil and natural gas

The Oil Asset does not have offshore production facilities and therefore the Partners have entered into an agreement with Anadarko (the Operator), which is the owner of the offshore production platform, Constitution Spar, located outside the Asset, for treatment of hydrocarbon production. These agreements are for regulating the relationships between Anadarko and all the Asset Partners, including for handling reception, heating, separating, measuring and allocation of hydrocarbon production with regard to the Lease area.

Production from the Asset began in March 2012, from three exploratory wells that were completed for production in 2011. Five additional wells were drilled and began producing in January 2014, February 2015, January 2016, March 2016 and July 2018. As at reporting date, daily gross production of 71,000 barrels of oil equivalent per day for the total gross asset.

The Partners have entered into agreements with suppliers and service providers for the transporting oil and gas to the platform for reception, heating, segregating, measuring and allocating of the hydrocarbons and piping of the products after treatment to the coast of Louisiana and Texas to be sold on the market. For further information regarding the nature

of the market and competition for crude oil and natural gas in the Gulf of Mexico region, see section 1 of Chapter D, below.

11. Reserves, contingent or prospective resources in the oil asset

A resource assessment report in accordance with the PRMS rules regarding the contingent reserves and available resources in the Asset will be published pursuant to the provisions of the law.

D. Additional information regarding the area of operations

1. Market structure and competition in the Gulf of Mexico region

The Gulf of Mexico, where the oil asset is located, has rich and long-standing experience in the development and production of oil and gas assets. As a result, there are numerous infrastructures for the transmission of oil and gas and a very sophisticated market for these products. In this market, in most cases, the hydrocarbons that are produced directly can be sold directly through the land-based pipeline to which the oil and gas are pumped, in return for payment of usage fees, and the hydrocarbons produced at the entrance to the pipeline can be sold at a price that reflects a certain discount on the market price.

The prices of crude oil and natural gas are determined according to demand and supply, and are affected, among other things, by production capabilities and costs, and by the level of development of clean or cheaper energy production capabilities. In recent years there has been a significant decline in oil and gas prices, inter alia, due to a significant increase in oil and gas production in the US. Today, the US is the largest oil consumer worldwide, and is expected to continue leading the list of global oil consumers in the coming years. Most of the oil and gas produced in the US are sold on the local market. The increase in supply compared with demand affects the price of the products, but at a low enough price buyers can be found, because of the storage capacity that enables the a secondary trading market in times when there are not enough end consumers for the entire quantity produced. However, it should be noted that production of energy from renewable sources (mainly generation of electricity from solar energy, wind and waterfalls), which replaces the use of oil, gas and coal is on the rise. In recent years efforts have been made in the United States to increase the use of alternative and less pollutant energy sources, but to date these sources do not significantly affect the US oil and natural gas market.

2. Environmental Risks

Oil and gas drilling and production in the Gulf of Mexico involves risks of heavy environmental damage. In 2010, the Gulf of Mexico sustained a massive oil spill as a result of the eruption of subsea oil well, considered one of the worst environmental disasters in history. As a result of this disaster, US environmental regulation, both federal and state, has become considerably more stringent . Several Federal and State agencies are responsible for enforcing environmental legislation, and its implementation has high operational and financial costs. This legislation imposes civil and criminal liability on operations that violate its provisions. Certain laws impose restrictions on oil and/or gas drilling and exploration in areas defined as sensitive, as well as various duties to prevent pollution, including methods for sealing and abandoning of wells. In certain cases, the law imposes absolute liability for environmental pollution and the various agencies responsible for protecting the environment are authorized to impose responsibility for costs incurred for preserving the environment (damages, clean-up costs, etc.) on those operating in the

sector, without having to prove guilt or negligence on their part.

3. Regulation and Supervision

Oil and gas exploration, development and production of in the US is highly regulated, on the Federal and the State level. Various legislation provisions regulate the exploration, development, production and marketing of oil and/or gas, and among other things, granting of drilling and exploration permits, positioning of wells, drilling methods, sealing, removal of materials used for drilling and abandonment of wells, royalties to be paid to the State and to the Federal Government if they are the owners of the land on which production is carried out), as well as transportation of oil and gas between the states in the US and matters related to environmental protection.

Production, transport and marketing of oil and natural gas in the United States is subject to federal and state regulatory supervision.

4. Granting drilling and production permits; transfer of rights

In the United States, exploration and production rights for minerals found on State or Federal land are granted under lease agreements. A lessee of a Federal-owned concession, may transfer its rights in the concession area (lease rights or operating rights) subject to approval by the relevant authorities. The federal regulator that authorizes granting and transfer of oil and gas concessions in the Gulf of Mexico is the Bureau of Ocean Energy Management (BOEM).

5. Safety

Various federal and state laws are applicable to operations in the Oil Asset and to the Partners, concerning, among other things, the protection of employees' health and the safety of the work environment. Under the provisions of the law, the Partners must provide their employees, the authorities and the public with information regarding any hazardous substances they produce or use.

6. Special risk factors

In addition, and without derogating from the risks related to the Company's activities in the energy sector, as set out in section 1.8.27 of Chapter A to the Company's Periodic Report for 2018 (Reference No. 2019-01-029344), the following additional risk factors apply to the Transaction and the Oil Asset:

(a) Inadequate insurance coverage of operational risks: Oil and gas production in general and deep water production in particular, are exposed to a variety of risks that could cause the destruction of oil wells, injury to human life and heavy environmental damage. There is no certainty that the Buyer will be able to obtain sufficient insurance coverage to cover these risks. It should be noted that the decision regarding the type and scope of insurance will be decided by the Buyer, taking into consideration, inter alia, the cost of insurance, the nature and scope of the proposed coverage and the anticipated risks, and with regard to certain insurances, a decision may be made not to purchase them.

(b) High dependency on oil prices

Oil and natural gas prices are typically extremely volatile. Deterioration in the global economy and in the US in particular, may adversely affect the volume of oil and natural gas

consumption, and may cause a significant decline in oil and gas prices and may materially harm the profitability of production and of the Asset. The Company has begun hedging operations on the oil price covering the production of the Oil Asset for the coming three years.

(c) Weather and operational risks

In the deep water where the Oil Asset is situated, there is a risk of extreme weather conditions, hurricanes and stormy sea conditions. Such severe weather conditions, as well as other unexpected natural events, may cause significant damage to the production facilities and materially harm the current operation and the ability to produce oil and gas from the field.

(d) Dependence on production facilities and infrastructures operated by third parties [The Asset is connected by two pipelines to the production platform, Constitution Spar, which is 100% owned and operated by Anadarko. The produced oil and gas arrives and treated on the platform prior to transporting the oil and gas, separately to onshore terminals through 3rd party pipelines. The uptime, downtime and maintenance of the production facility are managed by the Operator and the Company has no control over the production facility as well as the 3rd party pipelines.

(e) Environmental damages

Oil and gas drilling and production in the Gulf of Mexico involves risks of heavy environmental damage and are subject to most stringent regulation, as set out in section 2 above.

(f) Exposure to risks up to the Closing of the Purchase Transaction As part of the financing, the Company is required to entry into a hedging transaction which will depend on the commodity price at Closing

(g) Possibility to lose the deposit paid on account of the Consideration

Under the terms of the Transaction, the Buyer deposited an amount of USD 50 million on account of the Consideration, which the Seller would be entitled to retain if the Transaction is not completed, in accordance with the terms set out in the Agreement

Sincerely,

Delek Group Ltd.

Asi Bartfeld - CEO

Barak Mashraki, Deputy CEO and CFO