



## Ithaca Energy agreement to acquire all Greater Stella Area licences and associated infrastructure

August 26, 2018

**Tel Aviv, August 26, 2018. Delek Group (TASE: DLEKG, US ADR: DGRLY)** announces that its wholly owned subsidiary Ithaca Energy Limited (the "Company") has entered into agreements to acquire all the Greater Stella Area ("GSA") licences and associated infrastructure interests of Dyas UK Limited ("Dyas") and Petrofac Limited ("Petrofac"). The acquisition materially increases the Company's North Sea production and reserves base, while simultaneously delivering full control and flexibility over the long term development of the GSA production hub. The transaction is to be funded from an increased and extended RBL facility.

As a result of the transactions, the Company's pro-forma 2018 production is forecast to increase by approximately 50% to 22,000 barrels of oil equivalent per day, with pro-forma 2018 unit operating costs forecast to reduce to approximately \$18 per barrel of oil equivalent. Based on the most recent independent reserves evaluation performed by Sproule International Limited ("Sproule"), the transactions are estimated to increase the Company's proven and probable ("2P") reserves as of 31 December 2017 by over 20 million barrels of oil equivalent.

The effective date of the acquisition is 1 January 2018 ("Effective Date"), with the consideration paid at completion being subject to conventional adjustments to reflect the income and costs associated with the assets since the Effective Date. The transactions are expected to complete around the end of 2018 and are subject to customary regulatory approvals.

In aggregate, the transaction consideration reflects payments associated with the acquisition of the assets of \$190 million and a revision and rescheduling of Ithaca's existing \$140 million deferred payments to Petrofac that resulted from completion of the "FPF-1" modifications programme and the Company's accrual of associated capital allowances.

In summary, the consideration payable comprises an initial payment at completion of the transaction, which is forecast to total approximately \$130 million (net of estimated interim period cashflows of \$80 million), plus deferred payments of \$120 million payable over the period 2020 to 2023. Dependent on the future performance of the Stella and Harrier fields, Petrofac also has the opportunity to earn up to an additional \$28 million by 2023.

The transaction is to be funded from an increased and extended RBL facility.

The transaction involves the acquisition of all Dyas' and Petrofac's interests in the licences noted in the following table and each company's interests in FPF-1 Limited, the company that owns the FPF-1 floating production facility that is used on the GSA production hub. In addition, the transaction includes the transfer of Dyas' interests in the Ithaca-operated (non-producing) Jacky and Athena licences.

By obtaining full ownership of the GSA fields and also the FPF-1 floating production facility, the Company will benefit from both the value of the hydrocarbons produced from those fields as well as the income generated by the FPF-1 for the provision of host processing services for third party production from fields such as Vorlich and any potential future satellite feeder fields.

Asset	License	Dyas Interest	Petrofac Interest	Ithaca Interest Post Transactions
FPF-1 Limited	-	25.34%	24.80%	100%
Stella / Harrier	P.011	25.34%	20%	100%
Hurricane	P.1665 / P.2190	25.34%	20%	100%
Jacky	P.1392	47.50%	-	100%
Athena	P.1293	17.50%	-	40%

### **Notes to this release**

The Company's reserves as of 31 December 2017 have been independently evaluated by Sproule, a qualified reserves evaluator, in accordance with the Canadian Oil and Gas Evaluation Handbook pursuant to NI 51-101 – Standards of Reserves Disclosures for Oil and Gas Activities, which comply in all material respects with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers. References herein to barrels of oil equivalent ("boe") are derived by converting gas to oil in the ratio of six thousand cubic feet ("Mcf") of gas to one barrel ("bbl") of oil. All values in this release and the Company's financial disclosures are in US dollars, unless otherwise stated.

### **About Ithaca Energy**

Ithaca Energy Limited is a North Sea oil and gas operator focused on the delivery of lower risk growth through the appraisal and development of UK undeveloped discoveries and the exploitation of its existing UK producing asset portfolio. The Company is a wholly owned subsidiary of the Tel Aviv stock exchange listed Delek Group, Israel's leading integrated energy company. For further information please consult the Company's website

For more information, please visit [www.ithacaenergy.com](http://www.ithacaenergy.com), [www.delek-group.com](http://www.delek-group.com) or email: [investor@delek-group.com](mailto:investor@delek-group.com)

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