



Negotiations for Sale of Royalties Rights in Tamar Project

Tel Aviv, July 10, 2019. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") announces that it is conducting negotiations with an institutional investor, the Educational Funds of Teachers and Nursery Teachers ("the Purchaser") for signature of an agreement for the sale of all the Company's direct rights in the royalties of the shares of Delek Drilling Limited Partnership (22%) and Tamar Petroleum Ltd (9.25%) in the oil and/or gas and/or other materials of value that will be produced and utilized from the oil assets of Leases I/12 Tamar and I/13 Dalit ("Tamar and Dalit Leases" and "Right to Royalties", respectively).

As part of these negotiations the parties are acting to formulate a binding agreement whereby, subject to fulfillment of the contingent conditions that will be stipulated in the agreement, the Company will assign to the Purchaser in an absolute and irrevocable assignment its right to receive royalties from the Tamar and Dalit Leases as is at the date of signature of the agreement, and all the associated rights to the Right to Royalties, including liens registered in favor of the Company in the Tamar and Dalit Leases, in return for payment of consideration for the sold assets (in its meaning below) to the Company, and subject to those terms by which the Company holds the Right to Royalties ("the Sold Assets").

According to the negotiations, the Right to Royalties will be transferred to the Purchaser retroactively, from April 1, 2019 (above and below "Date of Entitlement to Royalties"). The Purchaser will pay the Company for the Right to Royalties a consideration in cash of USD 53 million plus annual interest at a rate that will be decided between the parties for the period between the Date of Entitlement to Royalties and the date of completion of the transaction, less receipts for royalties in that period plus annual interest at a rate to be agreed between the parties ("the Basic Consideration").

It has also been stipulated that on February 1, 2023 the parties will carry out a settling of accounts and adjustment of the Basic Consideration that are likely to increase or reduce the Basic Consideration by up to USD 2 million.

It is stipulated that there is no certainty that the negotiations will lead to a binding agreement and if a binding agreement will be signed there is no certainty that the contingent conditions stipulated in the agreement for completion of the transaction will be fulfilled.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on July 10, 2019.

About The Delek Group

Delek Group is an independent E&P and the pioneering visionary behind the development of the East Med. With major finds in the Levant Basin, including the Leviathan (21.4 TCF) and Tamar (11.2 TCF) reservoirs and others, Delek is leading the region's development into a major natural gas export hub. In addition, Delek has embarked on an international expansion with a focus on high-potential opportunities in the North Sea and North America. Delek Group is one of Israel's largest and most prominent companies with a consistent track record of growth. Its shares are traded on the Tel Aviv Stock Exchange (TASE:DLEKG) and are part of the TA 35 Index.

For more information on Delek Group please visit www.delek-group.com

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