



Tel Aviv, February 19, 2018. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") announces that attached are Immediate Report published by Delek Drilling Limited Partnership ("**the Partnership**") concerning the Decision regarding the Drilling of the "Leviathan-3" Development and Production Well:

Further to the provisions of Section 7.5.5 of the Partnership's periodic report as of December 31, 2016, as released on March 23, 2017 (ref. no.: 2017-01-023917) (the "**Periodic Report**") regarding the updated development plan for the Leviathan reservoir which is located in the area of the I/14 Leviathan South and I/15 Leviathan North leases (the "**Development Plan**" and the "**Leviathan Project**" or the "**Leviathan Reservoir**", respectively), regarding approval of the Development Plan by the Petroleum Commissioner at the Ministry of National Infrastructures, Energy and Water Resources (the "**Commissioner**"), and regarding the adoption of a final investment decision (FID) for the development of the Leviathan Reservoir, and further to the Partnership's immediate report of July 19, 2017 (ref. no.: 2017-01-062023) regarding promotion of the engagement with a drilling rig which will drill both the lower part of the Leviathan-7 well and the lower part of the Leviathan-3 well to the final depth thereof commencing from Q1/2018, the Partnership respectfully announces that on February 18, 2018, the Leviathan partners made a decision regarding the drilling of the "Leviathan-3" development and production well in the area of the I/15 Leviathan North lease (the "**Leviathan-3 Well**" or the "**Well**").

Set forth below are further details regarding the Well:

1. The date on which the decision regarding the drilling of the Well was made: February 18, 2018.
2. Reasons for the decision:
Noble Energy Mediterranean Ltd., the operator of the Leviathan Project ("**Noble**" or the "**Operator**") recommended that the partners in the Leviathan Project complete the drilling of the lower part of the Leviathan-3 Well at this time, in order to prepare it for completion, such that it will integrate into the production well system in the Leviathan Reservoir, in the framework of the Development Plan. It is noted that the drilling rig that will perform the drilling actions in Leviathan-3 is the Ensco DS-7 (the "**Drilling Rig**"), which will later drill also the lower part of the Leviathan-7 well to the final depth thereof, and will subsequently complete the production wells in the Leviathan Project.
3. Conditions to the drilling of the Well and to participation in the drilling thereof: The Commissioner has approved the Development Plan, as specified in Section 7.5.5 of the Periodic Report, whereby, *inter alia*, the Leviathan-3 Well will be drilled as a development and production well and will later be connected to the Leviathan Project's production system. The drilling of the Well is contingent upon receipt of the necessary approvals from the Commissioner and from the Ministry of Environmental Protection, including for a drilling plan and for a piping permit. According to the Operator's reports, the Drilling Rig meets the various requirements determined by the Commissioner and the Ministry of Environmental Protection.
4. Name of the Well: "Leviathan-3".
5. Location of the Well: Offshore well, approx. 120 km west of Haifa.
6. The drilling dates: The drilling of the lower part of Leviathan-3 is expected to begin in the coming weeks and is expected to take approx. six weeks (excluding completion and connection to the production system). It is noted that the Well will be completed and connected to the production system on another date, in accordance with the Development Plan.
7. The target layers in the Well: Oligo-Miocene layers.

8. The Well's type, purpose and future stages that are dependent on its findings: A development and production well whose purpose is to integrate into the production well system in the Leviathan Reservoir, in the framework of the Development Plan.
9. Depths: The depth of the water at the drilling site is approx. 1,670 meters, and the final depth planned for the Well is approx. 4,800 meters below sea level. It is clarified that the Leviathan-3 Well was drilled already in 2011 as an appraisal well, and the present decision concerns the preparation thereof for completion and conversion thereof into a development and production well in accordance with the Development Plan of the Leviathan Reservoir, including through the drilling of a new side-track out of the existing well, from a depth of approx. 4,100 meters to the final depth.
10. Budget: The total (100%) drilling budget is approx. U.S. \$38 million (excluding the cost of its completion and connection to the production system of the Leviathan Reservoir). It is noted that the drilling budget as aforesaid is included in the budget for development of the Leviathan Project, as approved by the Leviathan partners, as specified in Section 7.5.5 of the Periodic Report.
11. Name of the Operator: Noble.
12. Name of the corporation drilling the Well: Noble.
13. The share of the holders of the equity interests of the Partnership in the drilling budget: 45.79%.
14. The share of the holders of the equity interests of the Partnership in the possible income deriving from the Well: Before return of the investment – 37.63%, after return of the investment – 36.04%, taking into account the royalties paid to the State, related parties and others.
15. The names of the partners in the petroleum asset in which the Well will be drilled and their share in the drilling budget:

<u>Names of the Partners</u>	<u>Share of Each Partner in the Drilling Budget</u>
The Partnership	45.34%
Noble	39.6%6
Ratio Oil Exploration (1992), Limited Partnership	15.00%

16. Reference to the description of the petroleum asset in the Periodic Report: For a description of the petroleum asset, see Section 7.5 of the Periodic Report.

Caution concerning forward-looking information – The budget and the timetables for the drilling of the Well, receipt of the approvals for the drilling thereof, and the possibility of its completion and its connection to the production system of the Leviathan Project in the framework of the Development Plan, are based on estimates and conjectures received, *inter alia*, from the Operator, and which are forward-looking information, as defined in the Securities Law, 5728-1968. The said estimates and conjectures constitute professional estimates and conjectures, in respect of which there is no certainty and they may subsequently be updated as the actions in the Well progress. The above estimates are based, *inter alia*, on geological, geophysical, technical-engineering and other information, accumulated, *inter alia*, from the seismic survey performed in the area of the Leviathan leases, and may be materially different from the said estimates and conjectures, *inter alia* as a result of geological conditions and/or operating and technical conditions and/or regulatory changes and/or the Leviathan Reservoir's actual performance. The said estimates and conjectures may be updated insofar as additional information is accumulated and/or as a result of a gamut of factors relating to petroleum and natural gas exploration and production projects, including as a result of the performance of the actions in the Well and their results, and as a result of operating conditions and/or market conditions and/or regulatory conditions.

The partners in the Leviathan Reservoir and their holding rates are as follows:

Noble Energy Mediterranean Ltd.	39.66%
Delek Drilling, Limited Partnership	45.34%
Ratio Oil Exploration (1992), Limited Partnership	15.00%

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on February 19, 2018.

About The Delek Group

Delek Group is an independent E&P and the pioneering visionary behind the development of the East Med. With eight consecutive finds in the Levant Basin, 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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