



Ithaca Energy Inc. - Reserves Report and Discounted Cash Flow

Tel Aviv, July 5, 2017. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") announces that further to its immediate report of May 4, 2017 (Ref. No. 2017-01-045138) regarding the expenses of the offer to purchase the shares of Ithaca Energy Inc. ("Ithaca"), immediate and update reports of May 4, 2017 (Ref. Nos. 2017-01-04565 and 2017-01-045363, respectively) regarding additional revised description of Ithaca's activities, and immediate report of June 6, 2017 (Ref. No. 2017-01-057558) regarding completion of the forced purchase of remaining ordinary shares of Ithaca subsequent to which the Company (through a subsidiary) holds 100% of Ithaca's ordinary shares, the Company hereby submits a reserves report and updated discounted cash flow of Ithaca's oil assets, as set out in this report below.

As set out in the description of Ithaca's activities in the immediate report of May 4, 2017, Ithaca's producing oil and gas assets have been divided into three groups: (1) Stella reservoir (part of the GSA project); (2) the other GSA project reservoirs (also includes oil and gas assets in development); and (3) Ithaca's other producing oil and gas assets (in this report: "the Oil Assets").

1. Reserves in the Great Stella Area ("GSA")

The GSA project includes six licenses. There are five reservoirs in the areas of these licenses: Stella, which as of the report publication date is a producing reservoir, and four other reservoirs, namely Harrier, Hurricane, Vorlich and Austen, from which as of the report publication date production has not yet begun ("the Other GSA Reservoirs").

1.1 Reserves in Stella reservoir

1.1.1 Volumetric data

According to a report prepared by Sproule International Ltd. for Ithaca in accordance with the guidelines set out in the Petroleum Resources Management System approved by the Society of Petroleum Engineers (SPE-PRMS), as of December 31, 2016 (in this section: "the Reserves Report"), the natural gas, oil and condensate reserves in the Stella reservoir classified as on production, are as follows:

Reserves in Stella reservoir								
Reserve category	Oil		Natural gas		Condensate and natural gas liquids ¹		Total BOE ² (Net MBOE) ³	
	Stella reservoir (Gross)	The Company's share (Mbbbl net)	Stella reservoir (Gross)	The Company's share (MMcf net)	Stella reservoir (Gross)	The Company's share (Mbbbl net)	Stella reservoir (Gross)	Company's share (Net MBOE)
Total P1 (Proved Reserves)	2,623	1,434	73,650	40,257	5,704	3,118	20,602	11,262
Probable reserves	1,563	854	18,868	10,313	2,623	1,434	7,331	4,007
Total P2 reserves (proved + probable reserves)	4,186	2,288	92,518	50,570	8,327	4,552	27,933	15,268

¹ The hydrocarbon components recoverable from natural gas as liquids.

² Conversion index – the conversion to equivalent units of energy was done taking into account the following data : The conversion ratio of natural gas is 6:0 MMCF to BOE, i.e. every 6 MMCF is equivalent to 1 BOE. The conversion index for oil and gas liquids is a ratio of 1:1 bbl to BOE, i.e. every 1 bbl is equivalent to 1 BOE. Note: equivalent units of energy may be misleading, especially if used in isolation; the conversion is based on the energy ratio at the burner and does not represent an economic value.

³ Thousands of barrels of oil equivalent

1.1.2 The Sproule report noted a number of assumptions and reservations, including:

(a) Sproule did not visit the oil field for preparation of the report. Sproule used geoscience and engineering information received from the Company, from public sources and from nonconfidential information in Sproule's possession. No material information in the Reserves Report regarding the estimated reserves was obtained by visiting the site; (b) Sproule did not conduct any independent testing to validate the information received from the Company and did not review the legal and agreement aspects regarding the asset; (c) Sproule did not assess possible exposure from environmental protection issues. However, Sproule indicated that it is unaware of any possible liability for environmental events that could have a material effect on the estimated quantity of reserves in the Reserves Report, and therefore, the Reserves Report did not include the costs that could arise from such liability; (d) Sproule noted that the estimates at the base of the report are subject to risks and uncertainty that could cause the actual results to differ from those projected in the report.

Forward-looking information: Sproule's estimates in respect of the quantities of natural gas, oil and and condensate reserves in the Stella reservoir are forward-looking information as defined in the Securities Law. These estimates are partially based on geological, geophysical, engineering and other information received from the drilling and from the GSA project operator, and are the estimates and assumptions only of Sproule and there can be no certainty in respect of them. Actual quantities of natural gas, oil and/or condensate consumed may be different from these estimates and assumptions, partly due to technical and operational conditions and/or regulatory changes and/or the supply and demand conditions in the natural gas, oil and/or condensate market and/or commercial conditions and/or as a result of actual performance of the reservoirs. The estimates and assumptions may be updated if additional information becomes available and/or as the result of a range of factors related to oil and natural gas exploration and production, including due to continued production from the Stella reservoir.

1.1.3 Discounted cash flows

In relation to calculation of the discounted cash flows described below, the following is noted:

(a) The projected technical feasibility for the annual production of oil and gas from the reservoirs took into account historical production trends of the Company's producing wells, relevant regulatory terms, existing or expected contract prices, and comparison to the production from other oil wells in similar reservoirs in the region; (b) the economic parameters used in the report were based on the Company's estimates; and (c) the Company sent Sproule estimated well operating, development, abandonment and restoration costs. Sproule assessed the probability of these estimates, and if considered appropriate, adjusted them (e.g. allocation of fixed and variable costs). Sproule assessed the probability of the Company's estimates compared to other estimates of Sproule in the North Sea; (d) the operating costs at project level include fixed annual field costs, prices, processing costs and allocated platform costs. The development costs are based on the development plans provided by the Company and include costs for drilling, completion and tie-in of the wells, well operating activities, pipeline construction, and installation and/or upgrading of the well. The development and operating costs were escalated according to the timetable of the escalation parties, as set out in the report; (e) allowances for

salvage were not included in the abandonment and restoration costs in this report; (f) the projected prices that were the basis for projecting the profit were based on Sproule's price model as of December 31, 2016. The key data from this model are set out in the report; (g) as requested by the Company, hedging the oil and gas was included in the estimated NPV; (h) in view of the Company's tax loss carry forwards, which amount to billions of USD, and the above assumptions, the Company is not expected to pay taxes and, therefore, tax payments were not included in the discounted cash flow figures.

Based on the foregoing assumptions, following is the estimated discounted cash flow as of December 31, 2016, in thousands of USD, attributable to the Company from the reserves in the Stella reservoir, for each of the above reserve categories:

Total discounted cash flow from proved reserves at December 31, 2016 (in USD thousands for the Company's share) in the Stella reservoir

Cash flow items															
to	Total sales quantity (BOE/d) ⁴	Revenue	Royalties payable	Other taxable income	Other non-taxable income	Operating costs ⁵	Development costs	Abandonment and restoration costs	Total cash flow before income tax (discounted at 0%)	Income tax,	Total discounted cash flow after tax				
											Discounted by				
											0%	5%	10%	15%	20%
Dec 31, 2017	13,852	241,749	6,189	-	42,917	97,088	6,420	-	174,969	-	174,969	170,752	166,826	163,159	159,724
Dec 31, 2018	9,701	171,997	4,403	-	29,760	71,779	-	-	125,574	-	125,574	116,712	108,846	101,825	95,527
Dec 31, 2019	4,518	79,301	2,030	-	13,979	40,942	-	-	50,308	-	50,308	44,531	39,642	35,473	31,892
Dec 31, 2020	2,180	40,849	1,046	-	6,889	27,272	-	-	19,420	-	19,420	16,371	13,912	11,907	10,259
Dec 31, 2021	1,200	10,983	281	-	1,901	10,311	-	-	2,293	-	2,293	1,841	1,493	1,223	1,009
Dec 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec 31, 2023	-	-	-	-	-	-	-	8,618	(8,618)	-	(8,618)	(6,276)	(4,638)	(3,474)	(2,635)
Dec 31, 2024	-	-	-	-	-	-	-	21,975	(21,975)	-	(21,975)	(15,241)	(10,752)	(7,704)	(5,598)
Dec 31, 2025	-	-	-	-	-	-	-	13,449	(13,449)	-	(13,449)	(8,883)	(5,982)	(4,100)	(2,855)
Dec 31, 2026	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	31,451	544,879	13,949	-	95,446	247,392	6,420	44,042	328,522	-	328,522	319,808	309,347	298,309	287,324

⁴ See footnote 2.

⁵ Note that the total operating costs presented in 2017 include payment of USD 4 million for the first oil production from the reservoir, which is attributable to the previous licensee.

Total discounted cash flow from probable reserves as of December 31, 2016 (in USD thousands for the Company's share) in the Stella reservoir

Cash flow items															
to	Total sales quantity (BOE/d)⁶	Revenue	Royalties payable	Other taxable income	Other non-taxable income	Operating costs⁷	Development costs	Abandonment and restoration costs	Total cash flow before income tax (discounted at 0%)	Income tax.	Total discounted cash flow after tax				
											Discounted by				
											0%	5%	10%	15%	20%
Dec 31, 2017	2,676	52,942	1,355	-	8,740	11,869	-	-	48,458	-	48,458	47,290	46,203	45,187	44,236
Dec 31, 2018	2,313	49,677	1,272	-	7,517	12,185	-	-	43,739	-	43,739	40,652	37,912	35,467	33,273
Dec 31, 2019	1,286	27,190	696	-	4,195	5,488	-	-	25,201	-	25,201	22,307	19,858	17,769	15,976
Dec 31, 2020	871	18,394	471	-	2,842	1,307	-	-	19,459	-	19,459	16,404	13,939	11,931	10,280
Dec 31, 2021	666	25,768	660	-	4,144	9,776	-	-	19,475	-	19,475	15,636	12,683	10,383	8,574
Dec 31, 2022	1,158	22,961	588	-	3,815	15,494	-	-	10,694	-	10,694	8,177	6,331	4,958	3,923
Dec 31, 2023	789	15,735	403	-	2,642	13,276	-	(8,618)	13,316	-	13,316	9,697	7,167	5,368	4,071
Dec 31, 2024	610	12,445	319	-	2,089	12,341	-	(21,975)	23,850	-	23,850	16,541	11,669	8,361	6,076
Dec 31, 2025	-	-	-	-	-	-	-	(13,449)	13,449	-	13,449	8,883	5,982	4,100	2,855
Dec 31, 2026	-	-	-	-	-	-	-	9,145	(9,145)	-	(9,145)	(5,753)	(3,698)	(2,424)	(1,618)
Dec 31, 2027	-	-	-	-	-	-	-	23,321	(23,321)	-	(23,321)	(13,972)	(8,573)	(5,376)	(3,438)
Dec 31, 2028	-	-	-	-	-	-	-	14,272	(14,272)	-	(14,272)	(8,143)	(4,769)	(2,861)	(1,753)
Dec 31, 2029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	10,369	225,112	5,764	-	35,984	81,736	-	2,696	170,903	-	170,903	157,721	144,704	132,865	122,454

⁶ See footnote 2.

⁷ See footnote 5.

Total discounted cash flow from 2P (probable and proved) reserves at December 31, 2016 (in USD thousands for the Company's share) in the Stella reservoir

Cash flow items															
to	Total sales quantity (BOE/d)⁸	Revenue	Royalties payable	Other taxable income	Other non-taxable income	Operating costs⁹	Development costs	Abandonment and restoration costs	Total cash flow before income tax (discounted at 0%)	Income tax,	Total discounted cash flow after tax				
											Discounted by				
											0%	5%	10%	15%	20%
Dec 31, 2017	16,528	52,942	1,355	-	51,657	108,957	6,420	-	223,427	-	223,427	218,042	213,029	208,347	203,960
Dec 31, 2018	12,014	49,677	1,272	-	37,277	83,964	-	-	169,313	-	169,313	157,364	146,758	137,291	128,801
Dec 31, 2019	5,804	27,190	696	-	18,174	46,430	-	-	75,509	-	75,509	66,838	59,500	53,242	47,868
Dec 31, 2020	3,051	18,394	471	-	9,731	28,579	-	-	38,879	-	38,879	32,776	27,851	23,838	20,539
Dec 31, 2021	1,866	25,768	660	-	6,045	20,087	-	-	21,768	-	21,768	17,477	14,176	11,606	9,583
Dec 31, 2022	1,158	22,961	588	-	3,815	15,494	-	-	10,694	-	10,694	8,177	6,331	4,958	3,923
Dec 31, 2023	789	15,735	403	-	2,642	13,276	-	-	4,698	-	4,698	3,421	2,528	1,894	1,436
Dec 31, 2024	610	12,445	319	-	2,089	12,341	-	-	1,875	-	1,875	1,300	917	657	478
Dec 31, 2025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec 31, 2026	-	-	-	-	-	-	-	9,145	(9,145)	-	(9,145)	(5,753)	(3,698)	(2,424)	(1,618)
Dec 31, 2027	-	-	-	-	-	-	-	23,321	(23,321)	-	(23,321)	(13,972)	(8,573)	(5,376)	(3,438)
Dec 31, 2028	-	-	-	-	-	-	-	14,272	(14,272)	-	(14,272)	(8,143)	(4,769)	(2,861)	(1,753)
Dec 31, 2029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	41,820	769,991	19,713	-	131,430	329,128	6,420	46,738	499,425	-	499,425	477,528	454,051	431,173	409,778

Note: It is clarified that the discounted cash flow figures, whether they have been calculated at a specific discount rate or without a discount rate, represent the present value but not necessarily the fair value.

Notice regarding forward-looking information: The discounted cash flows set out above are forward-looking information as defined in the Securities Law. The information above is based on various assumptions, including the quantities, rate and duration of natural gas, oil and condensate sales from the project, operational costs, capital expenditure, abandonment expenses, rates of royalties, and selling prices, and there is no certainty whether these will materialize. It is noted that actual quantities of natural gas, oil and/or condensate produced, the above expenses and revenues may be different from these estimates and assumptions, partly due to technical and operational conditions and/or regulatory changes and/or the supply and demand conditions in the natural gas, oil and/or condensate market and/or actual performance of the project and/or as a result of actual selling prices and/or due to geo-political changes.

⁸ See footnote 2.

⁹ See footnote 5.

1.1.4 Sensitivity analysis for the main parameters of the discounted cash flow (price and quantity sold) at December 31, 2016 (USD thousands) conducted by the Company:

Sensitivity/category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%	Sensitivity/category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%
10% increase in price					10% decrease in price				
Proved Reserves and Low Estimate Contingent Resources	393,409	363,632	348,588	334,214	Proved Reserves and Low Estimate Contingent Resources	285,079	268,992	259,419	249,824
Probable Reserves and Best Estimate Contingent Resources	189,970	156,124	142,789	131,488	Probable Reserves and Best Estimate Contingent Resources	148,284	123,815	113,706	105,002
20% increase in price					20% decrease in price				
Proved Reserves and Low Estimate Contingent Resources	447,574	410,952	393,173	376,409	Proved Reserves and Low Estimate Contingent Resources	230,914	221,672	214,834	207,630
Probable Reserves and Best Estimate Contingent Resources	210,814	172,278	157,330	144,731	Probable Reserves and Best Estimate Contingent Resources	127,441	107,661	99,165	91,759

Sensitivity/category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%	Sensitivity/category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%
10% increase in the quantity of sales					10% decrease in the quantity of sales				
Proved Reserves and Low Estimate Contingent Resources	377,728	352,760	339,375	326,324	Proved Reserves and Low Estimate Contingent Resources	279,009	265,699	257,035	248,139
Probable Reserves and Best Estimate Contingent Resources	198,404	161,711	147,358	135,235	Probable Reserves and Best Estimate Contingent Resources	161,602	132,393	120,734	110,831
20% increase in the quantity of sales					20% decrease in the quantity of sales				
Proved Reserves and Low Estimate Contingent Resources	427,088	396,290	380,545	365,416	Proved Reserves and Low Estimate Contingent Resources	229,649	222,169	215,865	209,046
Probable Reserves and Best Estimate Contingent Resources	216,804	176,371	160,669	147,437	Probable Reserves and Best Estimate Contingent Resources	143,201	117,733	107,423	98,630

1.1.5 **Production data**

Production data for the Stella reservoir, attributable to the Company:

Production data for the first quarter of 2017¹⁰				
	Oil BOE	Natural gas Mmcf	Natural gas liquids Mbbbl	Condensate Mbbbl
Total output in the period	85,225	-	-	-
Average price per production unit (attributable to equity holders of the Partnership) (USD per unit of measurement)	0*	-	-	-
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per production unit (attributable to equity holders of the Partnership) (USD per unit of measurement)	1.3	-	-	-
Average production costs per production unit (USD per unit of measurement)	7.4**	-	-	-
Average net intake per production unit (USD per unit of measurement)	(8.7)	-	-	-
Depletion rate in the reporting period in relation to the overall quantity of oil in the project (%) ¹¹	3.7	-	-	-

* In the first quarter, none of the oil from the reservoir was sold and the entire production was used as inventory. Sales in April 2017 included the quantities produced in the first quarter of 2017 at an average price of 52.7 per barrel.

** The total stipulated is the net costs, excluding reimbursement of USD 10 per unit of measurement to the production platform owners (FPF1).

The Company declares that all of the above information was prepared in compliance with the Petroleum Resources Management System (SPE-PRMS).

Expert opinion of the assessor:

The resources report of the Stella reservoir prepared by Sproule as of December 31, 2016 is attached to this report as Appendix A and includes Sproule's consent to attach it to this report.

Management declaration

- (1) Declaration date: July 4, 2017;
- (2) Name of company: Delek Group Ltd.;
- (3) Name and position of party authorized to assess the Company's resources: Asi Bartfeld – CEO;
- (4) We hereby confirm that the assessor received all the information required to perform the work;

¹⁰ The rate attributable to the Company's equity holders in production, royalties paid, production costs and net intake is rounded up to one decimal point.

¹¹ The depletion rate is the rate of oil produced in the relevant reporting period from the balance of the proved and probable reserves at the beginning of the reporting period or at the date production started, whichever is later.

- (5) We hereby confirm that nothing came to our attention that indicates any dependence between the assessor and the Company;
- (6) I hereby confirm that to the best of our knowledge, the resources reported are the most accurate and updated estimates available to us;
- (7) I hereby confirm that the data included in this report was assessed according to the professional terms in Chapter G of the Third Schedule of the Securities Regulations (Particulars of Prospectus and Draft Prospectus – Structure and Form), 1969, and the meaning given to them in the Petroleum Resources Management System (2007) published by the Society of Petroleum Engineers (SPE), the American Association of Petroleum Geologists (AAPG), the World Petroleum Council (WPC) and the Society of Petroleum Evaluation Engineers (SPEE), as revised from time to time;
- (8) We agree to include this statement in this report.

Asi Bartfeld

1.2 Reserves in the other GSA reservoirs

1.2.1 Volumetric data

According to a report prepared by Sproule for Ithaca in accordance with the guidelines set out in the Petroleum Resources Management System approved by the Society of Petroleum Engineers (SPE-PRMS), as of December 31, 2016 (in this section: "the Reserves Report"), the natural gas, oil and condensate reserves in the other GSA reservoirs classified as non-producing and undeveloped, are as follows:

Reserves in the other GSA reservoirs								
Reserve category	Oil		Natural gas		Condensate and natural gas liquids ¹²		Total BOE ¹³ (Net MBOE) ¹⁴	
	Other GSA Reservoirs (Gross)	The Company's share (Mbbl net)	Other GSA Reservoirs (Gross)	The Company's share (MMcf net)	Other GSA Reservoirs (Gross)	The Company's share (Mbbl net)	Other GSA Reservoirs (Gross)	Company's share (Net MBOE)
Total P1 (Proved Reserves)	-	-	36,091	19,728	2,303	1,529	8,318	4,547
Probable reserves	7,601	2,979	180,696	95,085	16,945	9,030	54,662	27,857
Total P2 reserves (proved + probable reserves)	7,601	2,979	216,787	114,813	19,248	10,289	62,980	32,404

¹². The hydrocarbon components recoverable from natural gas as liquids.

¹³. See footnote 2.

¹⁴. Thousands of barrels of oil equivalent

1.2.2 The Sproule report noted a number of assumptions and reservations, including:

(a) Sproule did not visit the oil field for preparation of the report. Sproule used geoscience and engineering information received from the Company, from public sources and from nonconfidential information in Sproule's possession. No material information in the Reserves Report regarding the estimated reserves was obtained by visiting the site; (b) Sproule did not conduct any independent testing to validate the information received from the Company and did not review the legal and agreement aspects regarding the asset; (c) Sproule did not assess possible exposure from environmental protection issues. However, Sproule indicated that it is unaware of any possible liability for environmental events that could have a material effect on the estimated quantity of reserves in the Reserves Report, and therefore, the Reserves Report did not include the costs that could arise from such liability; (d) Sproule noted that the estimates at the base of the report are subject to risks and uncertainty that could cause the actual results to differ from those projected in the report.

Forward-looking information: Sproule's estimates in respect of the quantities of natural gas, oil and and condensate reserves in the Other GSA Reservoirs are forward-looking information as defined in the Securities Law. These estimates are partially based on geological, geophysical, engineering and other information received from the drilling and from the GSA project operator, and are the estimates and assumptions only of Sproule and there can be no certainty in respect of them. Actual quantities of natural gas, oil and/or condensate consumed may be different from these estimates and assumptions, partly due to technical and operational conditions and/or regulatory changes and/or the supply and demand conditions in the natural gas, oil and/or condensate market and/or commercial conditions and/or as a result of actual performance of the reservoirs. The estimates and assumptions may be updated if additional information becomes available and/or as the result of a range of factors related to oil and natural gas exploration and production, including due to continued production from the Other GSA Reservoirs.

1.2.3 Discounted cash flows

In relation to calculation of the discounted cash flows described below, the following is noted:

(a) The projected technical feasibility for the annual production of oil and gas from the reservoirs took into account historical production trends of the Company's producing wells, relevant regulatory terms, existing or expected contract prices, and comparison to the production from other oil wells in similar reservoirs in the region; (b) the economic parameters used in the report were based on the Company's estimates; and (c) the Company sent Sproule estimated well operating, development, abandonment and restoration costs. Sproule assessed the probability of these estimates, and if considered appropriate, adjusted them (e.g. allocation of fixed and variable costs). Sproule assessed the probability of the Company's estimates compared to other estimates of Sproule in the North Sea; (d) the operating costs at project level include fixed annual field costs, prices, processing costs and allocated platform costs. The development costs are based on the development plans provided by the Company and include costs for drilling, completion and tie-in of the wells, well operating activities, pipeline construction, and installation and/or upgrading of the well. The development and operating costs were escalated according to the

timetable of the escalation parties, as set out in the report; (e) allowances for salvage were not included in the abandonment and restoration costs in this report; (f) the projected prices that were the basis for projecting the profit were based on Sproule's price model as of December 31, 2016. The key data from this model are set out in the report; (g) as requested by the Company, hedging the oil and gas was included in the estimated NPV; (h) in view of the Company's tax loss carry forwards, which amount to billions of USD, and the above assumptions, the Company is not expected to pay taxes and, therefore, tax payments were not included in the discounted cash flow data.

Based on the foregoing assumptions, following is the estimated discounted cash flow as of December 31, 2016, in thousands of USD, attributable to the Company from the reserves in the Other GSA Reservoirs, for each of the above reserve categories:

Total discounted cash flow from proved reserves at December 31, 2016 (in USD thousands for the Company's share) in the Other GSA Reservoirs

Cash flow items															
to	Total sales quantity (BOE/d)¹⁵	Revenue	Royalties payable	Other taxable income	Other non-taxable income	Operating costs	Development costs	Abandonment and restoration costs	Total cash flow before income tax (discounted at 0%)	Income tax	Total discounted cash flow after tax				
											Discounted by				
											0%	5%	10%	15%	20%
Dec 31, 2017	-	-	-	-	-	-	40,585	-	(40,585)	-	(40,585)	(39,607)	(38,696)	(37,846)	(37,049)
Dec 31, 2018	2,589	22,675	580	-	3,982	8,912	22,246	-	(5,081)	-	(5,081)	(4,722)	(4,404)	(4,120)	(3,865)
Dec 31, 2019	3,475	61,574	1,576	-	10,786	26,621	-	-	44,163	-	44,163	39,092	34,800	31,140	27,997
Dec 31, 2020	2,851	54,057	1,384	-	9,033	26,596	-	-	35,111	-	35,111	29,599	25,152	21,528	18,549
Dec 31, 2021	2,239	43,034	1,102	-	7,210	26,888	-	-	22,254	-	22,254	17,867	14,492	11,865	9,797
Dec 31, 2022	1,769	34,603	886	-	5,807	26,520	-	-	13,004	-	13,004	9,943	7,699	6,029	4,771
Dec 31, 2023	1,083	16,137	413	-	3,625	17,835	-	-	1,514	-	1,514	1,103	815	610	463
Dec 31, 2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec 31, 2025	-	-	-	-	-	-	-	2,152	(2,152)	-	(2,152)	(1,421)	(957)	(656)	(457)
Dec 31, 2026	-	-	-	-	-	-	-	5,487	(5,487)	-	(5,487)	(3,452)	(2,219)	(1,454)	(971)
Dec 31, 2027	-	-	-	-	-	-	-	3,358	(3,358)	-	(3,358)	(2,012)	(1,234)	(774)	(495)
Dec 31, 2028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	14,006	232,080	5,941	-	40,443	133,372	62,831	10,997	59,383	-	59,383	46,390	35,447	26,322	18,739

¹⁵ See footnote 2.

Total discounted cash flow from probable reserves as of December 31, 2016 (in USD thousands for the Company's share) in the Other GSA Reservoirs

Cash flow items

Total discounted cash flow after tax

to	Total sales quantity (BOE/d) ¹⁶	Revenue	Royalties payable	Other taxable income	Other non-taxable income	Operating costs	Development costs	Abandonment and restoration costs	Total cash flow before income tax (discounted at 0%)	Income tax.	Discounted by				
											0%	5%	10%	15%	by 20%
Dec 31, 2017	-	-	-	-	-	-	10,206	-	(10,206)	-	(10,206)	(9,960)	(9,731)	(9,517)	(9,317)
Dec 31, 2018	(1,047)	(9,248)	(236)	-	(1,614)	(3,640)	-	-	(6,985)	-	(6,985)	(6,492)	(6,054)	(5,664)	(5,314)
Dec 31, 2019	1,982	35,039	897	-	6,148	11,059	126,443	-	(97,212)	-	(97,212)	(86,049)	(76,602)	(68,545)	(61,626)
Dec 31, 2020	5,011	95,756	2,358	527	15,712	29,248	-	-	80,388	-	80,388	67,769	57,586	49,289	42,468
Dec 31, 2021	7,869	165,420	2,346	10,755	21,898	42,396	-	-	153,330	-	153,330	123,105	99,853	81,750	67,501
Dec 31, 2022	8,491	183,876	1,638	18,151	21,784	44,449	-	-	177,723	-	177,723	135,895	105,217	82,396	65,200
Dec 31, 2023	9,767	219,673	1,501	14,529	28,131	60,322	206,029	-	(5,518)	-	(5,518)	(4,018)	(2,970)	(2,225)	(1,687)
Dec 31, 2024	11,566	251,937	1,500	15,035	29,537	87,508	34,282	-	173,219	-	173,219	120,137	84,752	60,724	44,130
Dec 31, 2025	12,140	273,300	1,141	19,451	23,119	95,480	-	(2,152)	221,400	-	221,400	146,241	98,478	67,491	47,004
Dec 31, 2026	7,672	171,577	862	12,781	15,126	71,596	-	(5,487)	132,513	-	132,513	83,360	53,583	35,126	23,444
Dec 31, 2027	5,303	119,597	655	9,048	10,797	59,575	-	(3,358)	82,570	-	82,570	49,469	30,353	19,032	12,174
Dec 31, 2028	3,781	86,553	495	6,657	7,859	53,071	-	-	47,503	-	47,503	27,105	15,875	9,521	5,836
Dec 31, 2029	2,403	55,021	369	3,905	4,800	45,973	-	-	17,385	-	17,385	9,447	5,282	3,030	1,780
Dec 31, 2030	533	12,340	27	913	733	13,565	-	1,990	(1,597)	-	(1,597)	(827)	(441)	(242)	(136)
Dec 31, 2031	-	-	-	-	-	-	-	7,734	(7,734)	-	(7,734)	(3,812)	(1,942)	(1,019)	(550)
Dec 31, 2032	-	-	-	-	-	-	-	18,223	(18,223)	-	(18,223)	(8,554)	(4,159)	(2,088)	(1,080)
Total	75,471	1,660,841	13,553	111,752	184,030	610,602	376,960	55,364	900,142	-	900,142	625,918	441,353	315,400	228,038

¹⁶ See footnote 2.

Total discounted cash flow from 2P (probable and proved) reserves at December 31, 2016 (in USD thousands for the Company's share) in the Other GSA Reservoirs

Cash flow items

											Total discounted cash flow after tax				
to	Total sales quantity (BOE/d)¹⁷	Revenue	Royalties payable	Other taxable income	Other non-taxable income	Operating costs	Development costs	Abandonment and restoration costs	Total cash flow before income tax (discounted at 0%)	Income tax.	Discounted by				
											0%	5%	10%	15%	20%
Dec 31, 2017	-	-	-	-	-	-	50,791	-	-	-	-	(49,567)	(48,427)	(47,363)	(46,366)
Dec 31, 2018	1,542	13,427	344	-	2,368	5,272	22,246	-	-	-	-	(11,214)	(10,459)	(9,784)	(9,179)
Dec 31, 2019	5,457	96,613	2,473	-	16,934	37,680	126,443	-	-	-	-	(46,957)	(41,802)	(37,405)	(33,630)
Dec 31, 2020	7,862	149,813	3,742	527	24,745	55,844	-	-	-	-	-	97,368	82,738	70,817	61,016
Dec 31, 2021	10,108	208,454	3,448	10,755	29,108	69,284	-	-	-	-	-	140,972	114,345	93,615	77,298
Dec 31, 2022	10,260	218,479	2,524	18,151	27,591	70,969	-	-	-	-	-	145,838	112,915	88,425	69,971
Dec 31, 2023	10,850	235,810	1,914	14,529	31,756	78,157	206,029	-	-	-	-	(2,916)	(2,155)	(1,614)	(1,224)
Dec 31, 2024	11,566	251,937	1,500	15,035	29,537	87,508	34,282	-	-	-	-	120,137	84,752	60,724	44,130
Dec 31, 2025	12,140	273,300	1,141	19,451	23,119	95,480	-	-	-	-	-	144,819	97,521	66,835	46,547
Dec 31, 2026	7,672	171,577	862	12,781	15,126	71,596	-	-	-	-	-	79,909	51,364	33,672	22,474
Dec 31, 2027	5,303	119,597	655	9,048	10,797	59,575	-	-	-	-	-	47,457	29,118	18,258	11,679
Dec 31, 2028	3,781	86,553	495	6,657	7,859	53,071	-	-	-	-	-	27,105	15,875	9,521	5,836
Dec 31, 2029	2,403	55,021	369	3,905	4,800	45,973	-	-	-	-	-	9,447	5,282	3,030	1,780
Dec 31, 2030	533	12,340	27	913	733	13,565	-	1,990	1,990	-	1,990	(827)	(441)	(242)	(136)
Dec 31, 2031	-	-	-	-	-	-	-	7,734	7,734	-	7,734	(3,812)	(1,942)	(1,019)	(550)
Dec 31, 2032	-	-	-	-	-	-	-	18,223	18,223	-	18,223	(8,554)	(4,159)	(2,088)	(1,080)
Dec 31, 2033	-	-	-	-	-	-	-	25,406	25,406	-	25,406	(11,358)	(5,272)	(2,532)	(1,254)
Dec 31, 2034	-	-	-	-	-	-	-	13,008	13,008	-	13,008	(5,539)	(2,454)	(1,127)	(535)
Total	89,477	1,892,921	19,494	111,752	224,473	743,974	439,791	66,361	959,525	-	959,525	672,308	476,800	341,722	246,777

¹⁷ See footnote 2.

Note: It is clarified that the discounted cash flow figures, whether they have been calculated at a specific discount rate or without a discount rate, represent the present value but not necessarily the fair value.

Notice regarding forward-looking information: The discounted cash flows set out above are forward-looking information as defined in the Securities Law. The information above is based on various assumptions, including the rate and duration of gas, oil and condensate sales from the project, operational costs, capital expenditure, abandonment expenses, rates of royalties, and selling prices, and there is no certainty whether these will materialize. It is noted that actual quantities of natural gas, oil and/or condensate produced, the above expenses and revenues may be different from these estimates and assumptions, partly due to technical and operational conditions and/or regulatory changes and/or the supply and demand conditions in the natural gas, oil and/or condensate market and/or actual performance of the project and/or as a result of actual selling prices and/or due to geo-political changes.

1.2.4 Sensitivity analysis for the main parameters of the discounted cash flow (price and quantity sold) at December 31, 2016 (USD thousands) conducted by the Company:

Sensitivity/category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%	Sensitivity/category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%
10% increase in price					10% decrease in price				
Proved Reserves and Low Estimate Contingent Resources	77,946	48,695	37,653	28,504	Proved Reserves and Low Estimate Contingent Resources	32,537	16,621	10,214	4,793
Probable Reserves and Best Estimate Contingent Resources	1,066,238	524,501	376,697	274,288	Probable Reserves and Best Estimate Contingent Resources	737,235	360,225	255,786	183,228
20% increase in price					20% decrease in price				
Proved Reserves and Low Estimate Contingent Resources	100,651	64,732	51,372	40,360	Proved Reserves and Low Estimate Contingent Resources	9,832	584	(3,505)	(7,063)
Probable Reserves and Best Estimate Contingent Resources	1,230,740	606,639	437,153	319,817	Probable Reserves and Best Estimate Contingent Resources	572,734	278,087	195,331	137,698

Sensitivity/category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%	Sensitivity/category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%
10% increase in the quantity of sales					10% decrease in the quantity of sales				
Proved Reserves and Low Estimate Contingent Resources	72,569	43,769	32,918	23,942	Proved Reserves and Low Estimate Contingent Resources	28,603	13,130	6,865	1,553
Probable Reserves and Best Estimate Contingent Resources	1,049,042	517,130	371,604	270,656	Probable Reserves and Best Estimate Contingent Resources	755,743	368,385	261,503	187,359
20% increase in the quantity of sales					20% decrease in the quantity of sales				
Proved Reserves and Low Estimate Contingent Resources	96,518	60,272	46,881	35,885	Proved Reserves and Low Estimate Contingent Resources	5,965	(2,584)	(6,474)	(9,891)
Probable Reserves and Best Estimate Contingent Resources	1,193,725	590,319	425,718	311,556	Probable Reserves and Best Estimate Contingent Resources	609,749	294,408	206,765	145,960

The Company declares that all of the above information was prepared in compliance with the Petroleum Resources Management System (SPE-PRMS).

Expert opinion of the assessor:

The resources report of the Other GSA Reservoirs prepared by Sproule as of December 31, 2016 is attached to this report as Appendix A and includes Sproule's consent to attach it to this report.

Management declaration

- (1) Declaration date: July 4, 2017;
- (2) Name of company: Delek Group Ltd.;
- (3) Name and position of party authorized to assess the Company's resources: Asi Bartfeld – CEO;
- (4) We hereby confirm that the assessor received all the information required to perform the work;
- (5) We hereby confirm that nothing came to our attention that indicates any dependence between the assessor and the Company;
- (6) I hereby confirm that to the best of our knowledge, the resources reported are the most accurate and updated estimates available to us;
- (7) I hereby confirm that the data included in this report was assessed according to the professional terms in Chapter G of the Third Schedule of the Securities Regulations (Particulars of Prospectus and Draft Prospectus – Structure and Form), 1969, and the meaning given to them in the Petroleum Resources Management System (2007) published by the Society of Petroleum Engineers (SPE), the American Association of Petroleum Geologists (AAPG), the World Petroleum Council (WPC) and the Society of Petroleum Evaluation Engineers (SPEE), as revised from time to time;
- (8) We agree to include this statement in this report.

Asi Bartfeld

2. Reserves in the oil assets

2.1 Volumetric data

According to the report prepared by Sproule International Limited ("Sproule") for Ithaca in accordance with the guidelines set out in the Petroleum Resources Management System approved by the Society of Petroleum Engineers (SPE-PRMS), as of December 31, 2016 "the Reserves Report", the natural gas, oil and condensate reserves in the Oil Assets are as follows:

Reserves in the oil assets								
Reserve category	Oil		Natural gas		Condensate and natural gas liquids ¹⁸		Total BOE ¹⁹ (Net MBOE) ²⁰	
	Name of oil asset (Gross)	The Company's share (Mbbl net)	Name of oil asset (Gross)	The Company's share (MMcf net)	Name of oil asset (Gross)	The Company's share (Mbbl net)	Name of oil asset (Gross)	Company's share (Net MBOE)
Total P1 (Proved Reserves)	58,351	8,748	80,242	8,960	11,584	866	83,309	11,107
Probable reserves	67,551	13,126	154,442	19,659	17,048	1,275	110,339	17,678
Total P2 reserves (proved + probable reserves)	125,902	21,871	234,683	28,619	28,631	2,141	193,647	28,785

¹⁸ The hydrocarbon components recoverable from natural gas as liquids.

¹⁹ See footnote 2.

²⁰ Thousands of barrels of oil equivalent

2.2 The Sproule report noted a number of assumptions and reservations, including:

(a) Sproule did not visit the oil field for preparation of the report. Sproule used geoscience and engineering information received from the Company, from public sources and from nonconfidential information in Sproule's possession. No material information in the Reserves Report regarding the estimated reserves was obtained by visiting the site; (b) Sproule did not conduct any independent testing to validate the information received from the Company and did not review the legal and agreement aspects regarding the asset; (c) Sproule did not assess possible exposure from environmental protection issues. However, Sproule indicated that it is unaware of any possible liability for environmental events that could have a material effect on the estimated quantity of reserves in the Reserves Report, and therefore, the Reserves Report did not include the costs that could arise from such liability; (d) Sproule noted that the estimates at the base of the report are subject to risks and uncertainty that could cause the actual results to differ from those projected in the report.

Forward-looking information: The estimates of Sproule in respect of the quantities of natural gas, oil and and condensate reserves in the Oil Assets are forward-looking information as defined in the Securities Law. These estimates are partially based on geological, geophysical, engineering and other information received from the drilling and from project operator, and are the estimates and assumptions only of Sproule and there can be no certainty in respect of them. Actual quantities of natural gas, oil and/or condensate consumed may be different from these estimates and assumptions, partly due to technical and operational conditions and/or regulatory changes and/or the supply and demand conditions in the natural gas, oil and/or condensate market and/or commercial conditions and/or as a result of actual performance of the reservoirs. The estimates and assumptions may be updated if additional information becomes available and/or as the result of a range of factors related to oil and natural gas exploration and production, including due to continued production from the Other GSA Reservoirs.

2.3 Discounted cash flows

In relation to calculation of the discounted cash flows described below, the following is noted:

(a) The projected technical feasibility for the annual production of oil and gas from the reservoirs took into account historical production trends of the Company's producing wells, relevant regulatory terms, existing or expected contract prices, and comparison to the production from other oil wells in similar reservoirs in the region; (b) the economic parameters used in the report were based on the Company's estimates; and (c) the Company sent Sproule estimated well operating, development, abandonment and restoration costs. Sproule assessed the probability of these estimates, and if considered appropriate, adjusted them (e.g. allocation of fixed and variable costs). Sproule assessed the probability of the Company's estimates compared to other estimates of Sproule in the North Sea; (d) the operating costs at project level include fixed annual field costs, prices, processing costs and allocated platform costs. The development costs are based on the development plans provided by the Company and include costs for drilling, completion and tie-in of the wells, well operation activities, pipeline construction, and installation and/or upgrading of the well. The development and operating costs were escalated according to the timetable of the escalation parties, as set out in the report; (e) allowances for salvage were not

included in the abandonment and restoration costs in this report; (f) the projected prices that were the basis for projecting the profit were based on Sproule's price model as of December 31, 2016. The key data from this model are set out in the report; (g) as requested by the Company, hedging the oil and gas was included in the estimated NPV;. (h) in view of the Company's tax loss carry forwards, which amount to billions of USD, and the above assumptions, the Company is not expected to pay taxes and, therefore, tax payments were not included in the discounted cash flow data.

Based on above assumptions, following is the estimated discounted cash flow as of December 31, 2016, in thousands of USD, attributable to the Company's share of the reserves in the Oil Assets, for each of the reserve categories described above:

Total discounted cash flow from proved reserves at December 31, 2016 (in USD thousands for the Company's share) in the Oil Assets

Cash flow items															
to	Total sales quantity (BOE/d) <small>21</small>	Revenue	Royalties payable	Other taxable income	Other non-taxable income	Operating costs	Development costs	Abandonment and restoration costs	Total cash flow before income tax (discounted at 0%)	Income tax	Total discounted cash flow after tax				
											Discounted by				
											0%	5%	10%	15%	20%
Dec 31, 2017	8,155	157,962	-	-	-	69,943	8,397	-	79,623	-	79,623	77,704	75,918	74,249	72,686
Dec 31, 2018	5,719	130,247	-	-	-	53,783	5,691	-	70,773	-	70,773	65,778	61,345	57,388	53,839
Dec 31, 2019	4,185	102,535	-	-	-	50,202	3,969	-	48,364	-	48,364	42,810	38,110	34,102	30,660
Dec 31, 2020	3,186	80,226	-	-	-	49,203	4,807	-	26,216	-	26,216	22,101	18,780	16,074	13,849
Dec 31, 2021	2,229	57,585	-	-	-	43,013	2,267	3,122	9,183	-	9,183	7,373	5,980	4,896	4,043
Dec 31, 2022	781	20,928	-	-	-	14,265	2,312	7,960	(3,610)	-	(3,610)	(2,760)	(2,137)	(1,674)	(1,324)
Dec 31, 2023	1,589	35,887	-	-	-	13,793	20,048	10,952	(8,906)	-	(8,906)	(6,486)	(4,793)	(3,590)	(2,723)
Dec 31, 2024	1,354	31,085	-	-	-	13,686	2,406	26,509	(11,516)	-	(11,516)	(7,987)	(5,635)	(4,037)	(2,934)
Dec 31, 2025	1,151	26,746	-	-	-	13,525	2,454	37,551	(26,783)	-	(26,783)	(17,691)	(11,913)	(8,164)	(5,686)
Dec 31, 2026	844	19,092	-	-	-	8,931	2,503	17,174	(9,516)	-	(9,516)	(5,986)	(3,848)	(2,522)	(1,684)
Dec 31, 2027	647	14,260	-	-	-	5,660	2,553	-	6,047	-	6,047	3,623	2,223	1,394	892
Dec 31, 2028	575	12,962	-	-	-	5,756	2,604	4,350	252	-	252	144	84	51	31
Dec 31, 2029	-	-	-	-	-	-	-	11,092	(11,092)	-	(11,092)	(6,028)	(3,370)	(1,933)	(1,136)
Dec 31, 2030	-	-	-	-	-	-	-	11,552	(11,552)	-	(11,552)	(5,979)	(3,190)	(1,751)	(986)
Dec 31, 2031	-	-	-	-	-	-	-	12,146	(12,146)	-	(12,146)	(5,987)	(3,050)	(1,601)	(864)
Dec 31, 2032	-	-	-	-	-	-	-	7,433	(7,433)	-	(7,433)	(3,489)	(1,697)	(852)	(440)
Total	30,415	689,515	-	-	-	341,760	60,011	149,841	137,904	-	137,904	157,141	162,807	162,028	158,223

²¹ See footnote 2.

Total discounted cash flow from probable reserves as of December 31, 2016 (in USD thousands for the Company's share) in the Oil Assets

Cash flow items															
to	Total sales quantity (BOE/d)²²	Revenue	Royalties payable	Other taxable income	Other non-taxable income	Operating costs	Development costs	Abandonment and restoration costs	Total cash flow before income tax (discounted at 0%)	Income tax.	Total discounted cash flow after tax				
											Discounted by				
											0%	5%	10%	15%	20%
Dec 31, 2017	1,105	20,944	-	-	-	2,052	3,974	-	14,917	-	14,917	14,558	14,223	13,910	13,617
Dec 31, 2018	1,919	42,456	-	-	-	2,888	82,961	-	(43,393)	-	(43,393)	(40,331)	(37,612)	(35,186)	(33,010)
Dec 31, 2019	4,493	107,203	-	-	-	9,692	612	-	96,899	-	96,899	85,772	76,355	68,324	61,428
Dec 31, 2020	5,354	128,815	-	-	-	8,172	2,199	-	118,444	-	118,444	99,851	84,847	72,622	62,572
Dec 31, 2021	5,503	136,730	-	-	-	10,730	-	(3,122)	129,122	-	129,122	103,669	84,088	68,843	56,844
Dec 31, 2022	5,260	134,632	-	-	-	37,251	-	(4,776)	102,157	-	102,157	78,114	60,480	47,362	37,478
Dec 31, 2023	4,328	112,079	-	-	-	37,945	-	(2,832)	76,966	-	76,966	56,049	41,423	31,029	23,530
Dec 31, 2024	3,549	93,753	-	-	-	37,764	-	(20,073)	76,062	-	76,062	52,753	37,215	26,665	19,378
Dec 31, 2025	2,228	58,213	-	-	-	14,753	-	(33,811)	77,270	-	77,270	51,039	34,369	23,555	16,405
Dec 31, 2026	2,044	54,566	-	-	-	19,611	-	(2,874)	37,828	-	37,828	23,797	15,296	10,027	6,693
Dec 31, 2027	1,818	49,392	-	-	-	23,410	-	30,629	(4,647)	-	(4,647)	(2,784)	(1,708)	(1,071)	(685)
Dec 31, 2028	1,549	42,766	-	-	-	23,827	-	14,395	4,544	-	4,544	2,593	1,519	911	558
Dec 31, 2029	1,669	43,925	-	-	-	24,633	2,656	(11,092)	27,727	-	27,727	15,067	8,424	4,833	2,839
Dec 31, 2030	1,194	31,234	-	-	-	14,705	2,709	(11,009)	24,828	-	24,828	12,849	6,857	3,763	2,118
Dec 31, 2031	1,103	29,439	-	-	-	14,465	2,764	(5,322)	17,533	-	17,533	8,642	4,402	2,311	1,247
Dec 31, 2032	1,019	27,739	-	-	-	14,731	2,819	7,284	2,905	-	2,905	1,364	663	333	172
Total	48,395	1,228,964	-	-	-	355,493	125,371	22,804	725,290	-	725,290	553,456	428,058	337,520	270,944

²² See footnote 2.

Total discounted cash flow from 2P (probable and proved) reserves at December 31, 2016 (in USD thousands for the Company's share) in the Oil Assets

Cash flow items															
to	Total sales quantity (BOE/d)²³	Revenue	Royalties payable	Other taxable income	Other non-taxable income	Operating costs	Development costs	Abandonment and restoration costs	Total cash flow before income tax (discounted at 0%)	Income tax.	Total discounted cash flow after tax				
											Discounted by				
											0%	5%	10%	15%	20%
Dec 31, 2017	9,260	178,906	-	-	-	71,995	12,371	-	94,540	-	94,540	92,262	90,140	88,159	86,303
Dec 31, 2018	7,638	172,703	-	-	-	56,671	88,652	-	27,380	-	27,380	25,448	23,733	22,202	20,829
Dec 31, 2019	8,678	209,738	-	-	-	59,894	4,581	-	145,263	-	145,263	128,582	114,465	102,426	92,088
Dec 31, 2020	8,540	209,041	-	-	-	57,375	7,006	-	144,660	-	144,660	121,951	103,627	88,696	76,421
Dec 31, 2021	7,732	194,315	-	-	-	53,743	2,267	-	138,305	-	138,305	111,042	90,068	73,739	60,887
Dec 31, 2022	6,041	155,560	-	-	-	51,516	2,312	3,184	98,547	-	98,547	75,353	58,342	45,688	36,153
Dec 31, 2023	5,917	147,966	-	-	-	51,738	20,048	8,120	68,060	-	68,060	49,563	36,630	27,438	20,807
Dec 31, 2024	4,903	124,838	-	-	-	51,450	2,406	6,436	64,546	-	64,546	44,766	31,581	22,627	16,444
Dec 31, 2025	3,379	84,959	-	-	-	28,278	2,454	3,740	50,487	-	50,487	33,348	22,456	15,390	10,719
Dec 31, 2026	2,888	73,658	-	-	-	28,542	2,503	14,300	28,312	-	28,312	17,810	11,448	7,505	5,009
Dec 31, 2027	2,465	63,652	-	-	-	29,070	2,553	30,629	1,400	-	1,400	839	515	323	206
Dec 31, 2028	2,124	55,728	-	-	-	29,583	2,604	18,745	4,796	-	4,796	2,737	1,603	961	589
Dec 31, 2029	1,669	43,925	-	-	-	24,633	2,656	-	16,635	-	16,635	9,040	5,054	2,899	1,703
Dec 31, 2030	1,194	31,234	-	-	-	14,705	2,709	543	13,276	-	13,276	6,871	3,667	2,012	1,133
Dec 31, 2031	1,103	29,439	-	-	-	14,465	2,764	6,824	5,387	-	5,387	2,655	1,353	710	383
Dec 31, 2032	1,019	27,739	-	-	-	14,731	2,819	14,717	(4,528)	-	(4,528)	(2,126)	(1,034)	(519)	(268)
Dec 31, 2033	932	25,703	-	-	-	14,996	2,875	8,488	(656)	-	(656)	(293)	(136)	(65)	(32)
Dec 31, 2034	613	15,764	-	-	-	6,745	2,933	-	6,086	-	6,086	2,591	1,148	527	250
Dec 31, 2035	525	13,586	-	-	-	5,991	2,991	-	4,603	-	4,603	1,867	789	347	158
Dec 31, 2036	493	13,036	-	-	-	6,065	3,051	5,097	(1,178)	-	(1,178)	(455)	(184)	(77)	(34)
Dec 31, 2037	464	12,476	-	-	-	6,141	3,112	12,996	(9,774)	-	(9,774)	(3,595)	(1,385)	(557)	(233)
Dec 31, 2038	436	11,976	-	-	-	6,223	3,174	7,954	(5,375)	-	(5,375)	(1,883)	(693)	(266)	(107)
Dec 31, 2039	411	11,497	-	-	-	6,307	3,238	-	1,952	-	1,952	651	229	84	32
Dec 31, 2040	386	11,040	-	-	-	6,396	3,303	-	1,342	-	1,342	426	143	50	18
Dec 31,	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

²³ See footnote 2.

Total discounted cash flow from 2P (probable and proved) reserves at December 31, 2016 (in USD thousands for the Company's share) in the Oil Assets															
Cash flow items															
to	Total sales quantity (BOE/d)²³	Revenue	Royalties payable	Other taxable income	Other non-taxable income	Operating costs	Development costs	Abandonment and restoration costs	Total cash flow before income tax (discounted at 0%)	Income tax.	Total discounted cash flow after tax				
											Discounted by				
											0%	5%	10%	15%	20%
2041²⁴															
Dec 31, 2042	-	-	-	-	-	-	-	6,041	(6,041)	-	(6,041)	(1,828)	(585)	(171)	(69)
Dec 31, 2043	-	-	-	-	-	-	-	15,404	(15,404)	-	(15,404)	(4,439)	(1,356)	(379)	(147)
Dec 31, 2044	-	-	-	-	-	-	-	9,427	(9,427)	-	(9,427)	(2,587)	(754)	(202)	(75)
Total	78,810	1,918,479	-	-	-	697,253	185,382	172,645	863,194	-	863,194	710,596	590,865	499,548	429,167

Note: It is clarified that the discounted cash flow figures, whether they have been calculated at a specific discount rate or without a discount rate, represent the present value but not necessarily the fair value.

Notice regarding forward-looking information: The discounted cash flows set out above are forward-looking information as defined in the Securities Law. The information above is based on various assumptions, including the rate and duration of gas, oil and condensate sales from the project, operational costs, capital expenditure, abandonment expenses, rates of royalties, and selling prices, and there is no certainty whether these will materialize. It is noted that actual quantities of natural gas, oil and/or condensate produced, the above expenses and revenues may be different from these estimates and assumptions, partly due to technical and operational conditions and/or regulatory changes and/or the supply and demand conditions in the natural gas, oil and/or condensate market and/or actual performance of the project and/or as a result of actual selling prices and/or due to geo-political changes.

²⁴ In the discounted cash flow, the abandonment and restoration expenses were applied only two years after termination of production for a period of three years. As a result, in 2041, which follows the year of termination of production, all the cash flow values are zero. Years in which there were no cash flow values were automatically hidden in the Reserves Report, therefore, 2041 does not appear in Sproule's Reserve Report.

2.4 Sensitivity analysis for the main parameters of the discounted cash flow (price and quantity sold) at December 31, 2016 (USD thousands) conducted by the Company:

Sensitivity/category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%	Sensitivity/category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%
10% increase in price					10% decrease in price				
Proved Reserves and Low Estimate Contingent Resources	206,519	214,139	207,788	199,619	Proved Reserves and Low Estimate Contingent Resources	68,677	111,100	115,964	116,577
Probable Reserves and Best Estimate Contingent Resources	847,263	492,124	387,295	311,114	Probable Reserves and Best Estimate Contingent Resources	601,639	363,600	287,058	230,321
20% increase in price					20% decrease in price				
Proved Reserves and Low Estimate Contingent Resources	275,440	265,658	253,700	241,140	Proved Reserves and Low Estimate Contingent Resources	(244)	59,581	70,052	75,056
Probable Reserves and Best Estimate Contingent Resources	970,074	556,386	437,413	351,510	Probable Reserves and Best Estimate Contingent Resources	478,827	299,338	236,940	189,924

Sensitivity/category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%	Sensitivity/category	Present value discounted at 0%	Present value discounted at 10%	Present value discounted at 15%	Present value discounted at 20%
10% increase in the quantity of sales					10% decrease in the quantity of sales				
Proved Reserves and Low Estimate Contingent Resources	243,049	249,448	242,295	233,288	Proved Reserves and Low Estimate Contingent Resources	115,342	152,377	155,157	153,964
(Probable Reserves and Best Estimate Contingent Resources	791,907	446,088	344,014	270,017	Probable Reserves and Best Estimate Contingent Resources	573,799	333,050	256,640	200,361
20% increase in the quantity of sales					20% decrease in the quantity of sales				
Proved Reserves and Low Estimate Contingent Resources	306,902	297,984	285,864	272,949	Proved Reserves and Low Estimate Contingent Resources	51,489	103,841	111,588	114,302
Probable Reserves and Best Estimate Contingent Resources	900,961	502,608	387,702	304,845	Probable Reserves and Best Estimate Contingent Resources	464,746	276,530	212,953	165,533

2.5 Production data

Production data for the Oil Assets, attributable to the Company:

Production data for the first quarter of 2017²⁵			
	Oil bbl	Natural gas mcf	Condensate bbl
Total output in the period	689,120	62,805	3,200
Average price per production unit (attributable to equity holders of the Partnership) (USD per unit of measurement)	51.39	17.99	36.41
Average production costs per production unit (USD per unit of measurement)	22.1	22.1	22.1
Average net intake per production unit (USD per unit of measurement)	29.29	(4.11)	14.31
Depletion rate in the reporting period in relation to the overall quantity of gas in the project (%) ²⁶	3.15	0.22	0.14

The Company declares that all of the above information was prepared in compliance with the Petroleum Resources Management System (SPE-PRMS).

Expert opinion of the assessor:

The resources report of the Oil Assets prepared by Sproule as of December 31, 2016 is attached to this report as Appendix A and includes Sproule's consent to attach it to this report.

Management declaration

- (1) Declaration date: July 4, 2017;
- (2) Name of company: Delek Group Ltd.;
- (3) Name and position of party authorized to assess the Company's resources: Asi Bartfeld – CEO;
- (4) We hereby confirm that the assessor received all the information required to perform the work;
- (5) We hereby confirm that nothing came to our attention that indicates any dependence between the assessor and the Company;
- (6) I hereby confirm that to the best of our knowledge, the resources reported are the most accurate and updated estimates available to us;
- (7) I hereby confirm that the data included in this report was assessed according to the professional terms in Chapter G of the Third Schedule of the Securities Regulations (Particulars of Prospectus and

²⁵ The rate attributable to the Company's equity holders in production, royalties paid, production costs and net intake is rounded up to one decimal point.

²⁶ The depletion rate is the rate of natural gas produced in the relevant reporting period from the balance of the proved and probable reserves at the beginning of the reporting period or at the date production started, whichever is later.

Draft Prospectus – Structure and Form), 1969, and the meaning given to them in the Petroleum Resources Management System (2007) published by the Society of Petroleum Engineers (SPE), the American Association of Petroleum Geologists (AAPG), the World Petroleum Council (WPC) and the Society of Petroleum Evaluation Engineers (SPEE), as revised from time to time;

- (8) We agree to include this statement in this report.

Asi Bartfeld

For the terms used in this report, see the glossary in Chapter A of the Company's periodic report for 2016, which was published on March 30, 2017 (Ref. No. 2017-01-033078).

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on July 5, 2017.

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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